

INSIDE: KHASHOGGI'S CANADIAN CONNECTIONS

Maclean's

JANUARY 1987

CANADA'S WEEKLY NEWSMAGAZINE

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BRAZIL'S NEW BEAT

**Canada's Stake in a Land
on the Brink of Greatness**



When work gets taxing, James Trussler calls on the enthusiasm he developed at McDonald's.

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"I came away from McDonald's knowing the meaning of value."

James Trussler learned early what it takes to succeed and he draws on these lessons daily.



As a teenager, Trussler at 17

From the age of 15 through to the end of university, he worked part-time at McDonald's, first as a crewperson on lines, then at the "counter" greeting and serving customers, moving to training manager where he had the responsibility of handling the books and opening and closing the store.

"I was always impressed with the way McDonald's was run. There was a system set up to make things work efficiently and, when necessary, respond immediately to a problem—like a customer's complaint. My work now is just at service oriented. As a chartered accountant, I'm offering a product to the public and it had better have value or my clients won't come back."

"McDonald's taught me the meaning of value. Value is service and quality, the right attitude and the right product at the right price. I came away from McDonald's with a very client-oriented philosophy toward business."

"McDonald's motivated me to excel."

In his town, his driving ambition was evident and McDonald's provided him with plenty of opportunity to put it to use.

A top academic student, he was a finalist three years running in McDonald's All-Star programme (set up to identify the best employees across Canada). In his third year of competition, he won the grand prize, a trip to Las Vegas.

"The experience had a tremor deep impact on me. I was motivated to excel, to feel confident in my abilities."

Outside of work, his family, his daily run, his occasional 30-40 mile cycling odyssey along the Halifax coast and his passion for bedroom dancing (he claims he does a great footloose) makes his life very full. Though he finds life exciting at times, he enjoys it thoroughly. Enthusiasm fuels him. "Let's face it, you can't wait for life to excite you... You've got to get enthusiastic."



James Trussler and his wife, Susan

It's it. McDonald's taught me that if I didn't make my work exciting, it wouldn't be. My experience at McDonald's showed me that if you put out the effort, you couldn't help but succeed and have fun at the same time. At 15, what better lessons can you learn?"

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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

JANUARY 19, 1987, 1986 VOL. 100 NO. 2

COVER

Benail's new beat

At the height of a fascinating southern summer, Benail has more to celebrate this month: a return to democracy, a booming economy and the upcoming Carnival. And they are energetically tackling their problems—widespread poverty and crime and the developing world's biggest foreign debt, totalling \$100 billion (U.S.).

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COVER PHOTO BY AP/WIDEWORLD



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Corry on the offensive

International Trade Minister Pat Corry launched a countryside blitz to counter critics of Ottawa's self-styled lumber accord with the United States.

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Questions about a firing

An assistant to federal cabinet minister Keith Laidlaw was abruptly dismissed last week, after a Maclean's investigation raised questions about the aide's past.

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Khashoggi's connections

Saudi tycoon Adnan Khashoggi looks in the white House's Stock Exchange to raise funds for a treasure hunt, a satellite and his troubled empire.

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Killing her rich husband

Actress Ann Margret plays a wife who accidentally kills her wealthy husband in a television mini-series next month. In real life, she is taking a year off to sit.

—Page 42

From woods to Roots

The solitary canoe floated on the cool water. On the shore, a wide-eyed boy watched as its single passenger, a compact, athletic man, placed his hands on the sides of the boat and, with agonizing slowness, began to lift his body into a perfect headstand. It was 1966, and the canoe craft of guide Omar Stringer was already legendary among outdoors enthusiasts. But for Michael Hudson, then a 16-year-old from Detroit enjoying his first summer at Camp Algonquin in Ontario's Algonquin Park, that initial sight of Stringer's outdoor magic left a lasting impression. Twenty years later, Hudson and another Toronto alumnus, Donald Green, established the popular Roots line of outdoor wear—with the magnetic independent Stringer, their former canoeing leader, as their inspiration. In fact, one line of Roots apparel is called Roots Algonquin, and Hudson still remembers his first awe-inspiring glimpse of Stringer, some 74 "There was Omar," he recalled, "standing on his head in a canoe."

Stringer, a rebel

Stringer, a rebel

The outdoors guide and canoe expert has provided direction to many others as well. In 1961 Hudson, Green and Howard Perlestein—another canoeing-obsessed Stringer to go into business with them and change his own canoe-centered outdoor career since 1966, 180 of the first hand-made craft business Stringer's name have been sold at \$1,800 to customers from as far away as West Germany. Perlestein, who assumed full control of the company in 1966, went on to market the formidable Beaver Cause brand of clothing, and to date 200,000 wetsuits and T-shirts have been sold. Despite the success of the clothing, which features his name, Stringer prefers to keep a friendly distance from the company—partly because of renewed ties with Roots—and only accepts royalties for the canoe. Still the active musician of the popular Beaver Cause apparel. "It is outdoor clothing for downtown Toronto."

Stringer learned his wilderness from the Toronto suburb where he now lives. One of 25 children of an Algonquin Park ranger, he never completed high school and has hobbies—he built his first studio at the age of 15—were

self-taught. At an early age he became an expert guide, occasionally to such visitors as Group of Seven painter Lawren Harris and A.Y. Jackson. Stringer recalls how surprised he was to see grown men spending an entire day painting. "I had ever seen."

But although the wilderness has always been Stringer's first love, he has enjoyed a varied career in the 1960s he taught electronics at Royal Canadian Air Force equipment maintenance personnel. In 1964, at age 35, he enrolled at the University of Toronto. After obtaining a bachelor of science degree, he taught high-school science in suburban Mississauga, Ont., a job from which he retired in 1977. But he says that he has rarely missed a summer at Camp Algonquin, where he estimates that he has taught about 30,000 youngsters the art of canoeing and wilderness over the past

six decades. Said Stringer's son David, 30: "I grew up with a father who was a legend. He could go into the woods with nothing but an axe, and do quite early." That ingenuity and individualism were evident in Stringer's early years, when he made his mark by developing a new technique for solo canoeing, a difficult art because there is no second boat to balance the vessel against the wind and currents. Despite the fact that he had never sailed a boat, Stringer used basic sailing theory in his technique, in which the paddler sits ahead and to one side, turning the canoe into a kind of sail which catches the wind. That style is now widely used, but it still irritates environmentalists among older guides. Recalled Stringer: "If they saw that, they would hit you over the head with a paddle."

Now, Stringer lives quietly with Ethel, his wife of 39 years, their combined pensions aggregated by the \$200,000 that Stringer won in a 1985 Ontario Provincial Lottery. "I have always been pretty lucky," Stringer said. And this summer he intends to return to Algonquin Park to teach young canoers about the wilderness. "I love his energy," said Hudson. "He is a rebel—and an inspiration."

—DAN CARMICHAEL in Toronto



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Arnez (center) with Hirsche (left) and Martin in 1965, short-lived buddies

FOLLOW-UP

A TV child grows up

Millions of viewers watched his birth as a pregnant Lucille Ball worked through six months of her popular *I Love Lucy* sitcom in 1963. And three years after Desi Arnaz Jr. was born, he became a regular on the series with his mother and father, Desi Arnaz Sr., who died last month. In 1965, at 15, Desi Jr. formed the short-lived but successful pop group Desi, Desi and Billy, along with Desi Arnaz's son Desi and school friend Billy Hirsche. But Arnaz's adult life was plagued by twists and turns that took him through drug and alcohol abuse and failed romances. Now an aspiring film producer, Arnaz is also national spokesman for Success Without Strains, a California-based movement that he says teaches people to "shed the physical habits that create negative habitual behavior."

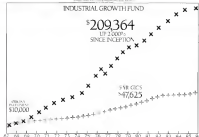
Arnaz, who credits Success Without Strains with stabilizing his life, added, "It has given me an understanding that puts everything into perspective." According to Arnaz, many of his problems stemmed from his infamy in the privileged—but troubled—memories of the movie community. "Growing up in Beverly Hills, I did not see anybody that did not have a problem. Success did not bring any parents happiness." Indeed, when Arnaz was 7 his parents divorced. By age 15 the brief success of Desi, Desi and Billy steadily behind him, Arnaz says that he was addicted to alcohol and drugs. He went on to drop out of college, pursued a starry

love affair with actress Loni Anderson, acquired and then lost his own TV series—*Adolescence* in 1984—and appeared in a half-dozen feature films and more than 15 television movies. Now, he is trying to produce movie projects with Ringo Crosby's grandson Greg. Said Arnaz: "I have new ideas and want to get them on the screen."

Those new ideas, he says, stem from his experience in Success Without Strains, a nonprofit self-help organization founded in 1964. At the same time, Arnaz maintains a close friendship with former band members Martin and Hirsche, both 35. Martin, who in 1974 was convicted of illegal possession of automatic weapons, has recently been attempting to revitalize a stage-act among cover, and in 1984 appeared in the TV series *Myths of Science*. Hirsche has spent the past decade singing and playing keyboards and guitar for the Beach Boys. And Arnaz says that both Martin and Hirsche are supportive of his work with Success Without Strains. Indeed, support has come from higher realms: Nancy Reagan recently invited Arnaz to be part of her *Spunked* tour, whose life members travel the country and give speeches on behalf of the National Federation of Parents for Drug-Free Youth. "I used to think happiness was in drugs, in alcohol, in power," he said. "But I have found that real happiness is inside of us."

—NANCY COOPER in Los Angeles

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TEN-TEN
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HOW DO YOU KNOW UNLESS YOU LISTEN?

AN AMERICAN VIEW

Victims of hatred and bad luck

By Fred Branting

Late on the Friday before Christmas four black men were riding through the borough of Queens in New York City when their 1976 Buick broke down—a trivial hard-luck story that would have passed unnoticed had it ended there. Quickly, though, trouble ensued, and New York became the backdrop for a shocking incident described later by Mayor Edward I. Koch as a "racial lynching."

News of the affair occupied the front pages throughout the holidays and renewed a debate as old as America: Do we really care about equality? Is ours a racist country?

Officials said that shortly after the Buick stalled out, three of the black men—Michael Griffith, 33, his stepfather, Cedric Sandford, 36, and Timothy Grimes, 18—started walking while the fourth remained with the car. As the three men walked through the deserted streets, police said, they encountered an auto carrying several white youths. The whites shouted insults and words were exchanged. But, for the moment, the matter ended there.

It was about 12:30 a.m. Saturday when Griffith, Sandford and Grimes reached a parkway in the largely white neighborhood of Howard Beach. They inquired about the nearest subway station, investigators said, and then ordered food. When they had eaten and rested, the men headed back outside, only to find a number of young whites who had been recruited, police said, by the fellows who had traded taunts with the blacks earlier.

"Niggers, you don't belong here," Sandford recalls one of the whites saying. The blacks men fled but were caught and beaten, according to police. Grimes managed to elude his tormentors after taking a blow on the back. Less fortunate, the other two men were surrounded with clubs, feet, a baseball bat and a tree limb.

The victims ran, but the gang, not yet satisfied, chased after them a road known as the Belt Parkway, the whites charged Griffith and Sandford. Again the blacks were threatened, but at last they escaped. "Michael saw a hole in the fence and he was trying to get through while they were beating us," Sandford said. "He got through and I followed."

As though scripted, the incident moved into its final dramatic climax. Having squirmed through the fence,

Griffith, a Brooklyn construction worker originally from Trinidad, ran in one direction and Sandford started in another. Sandford eventually was pinned up by police, but for Griffith, no help arrived. Some distance from the site of the second attack he tried to cross the Belt.

It is one of the defining characteristics of New York City that even in the early morning hours traffic can be considered as major roadway. Dashing into a no-lane thoroughfare, albeit at 1 a.m., is risky business. But Griffith likely thought he had to get as far away from Howard Beach as he could and in the shortest possible time. On his way to the other side of the road, the laborer was hit by a blue 1979 Dodge, pitched against the windshield and slammed into a divider. The young man was found dead at the scene, a victim of brute emotion and bad luck.

One of the suspects recently dated a black girl. "He's not racist," the girl said. "Just easily persuaded by people."

Authorities have charged three white teenagers in connection with the attack and questioned others. Predictably, persons who know the white youths say they are microcosms that youngsters who seemed so ordinary have been linked to an enterprise as ugly. One of the suspects, in fact, recently dated a black girl, who said the fellow treated her with respect. "He's not racist," the girl said. "He's just easily persuaded by people."

Howard Beach, too, is being examined. Although the protest that there is not a prejudiced community, authorities say the neighborhood has a history of antagonism toward blacks. Minority workers say they have been harassed on the way to their jobs and, not surprisingly, there are reports of housing discrimination. Only one per cent of the area's 10,000 residents are non-white or Hispanic.

But aside from the particular players and what may be the special qualities of Howard Beach, the question remains as to whether America itself shares complicity in the attack. There is a general sense that racial hatred

is on the rise. In New York alone there have been two other fatal assaults on blacks by white men in the past four years, and of course there was the famous Rev. Martin Luther King Jr. shooting case. Black students at several U.S. colleges have lately complained of harsh treatment. Perhaps most important, the administration in Washington is not, so say the least, revered by concerned parties as being committed to minority advancement.

In the 1960s and 1970s America went through an extraordinary period of introspection regarding matters of race. Old assumptions—primitive and embarrassing ideas regarding everything from personal hygiene to intelligence—were challenged. We became proper and polite. We learned to say "black" instead of "colored." Some Americans marched for equal justice, gave donations and to black outfits and supported the worthy Martin Luther King Jr. Most recently, we have designated Bill Cosby as a national father figure and adopted his television family.

Yet when this elevated consciousness is given a practical test, we white Americans do not live up very good. Housing remains segregated in most communities. Quality employment, education, health care—vital components of a modern industrial society—too often are denied black citizens. What else can be expected then that whites talk a fine game but have no criterion of following through?

Americans haven't much patience for arguments based on the notion of communal guilt. But an incident such as the one in Howard Beach should make us assess our motives and question our leadership. Do we think an attack like that occurs in isolation, that it has no bearing on the country's mood and disposition?

It is hard to say. We have altered the external nature of race relations in this country, but we have not adequately changed ourselves. Americans must not be lulled into thinking that we have turned our past. To a large extent the old myths persist, the old racial attitudes endure, and, sadly, Bill Cosby's ratings don't prove otherwise. Had Cosby departed unrecognized from the Howard Beach scene with Griffith, Sandford and Grimes early that Saturday morning, he would have had to run for his life too.

And growing in a winter with Sunday in New York.



Ottawa's trade offensive

For Pat Carney, the end of the holiday season was more than a little abrupt. One week Canada's International Trade Minister was soaking up the sun on the Florida coast in a hotel with her 21-year-old son, J.P. The next week she was back in the depths of a Canadian winter, leading a hectic cross-country public relations campaign. Her goal to persuade Canadians that Ottawa had won a "massive victory" in its months-long trade war with the United States over Canadian softwood lumber exports, when it agreed on Dec. 30 to impose a 15-per-cent tax on softwood lumber exports to the United States. From Prince George, B.C., where she faced questions on an age-line radio show, to Montreal, where she met Quebec Trade Minister Pierre Macdonald, Carney's message was the same: Ottawa had negotiated the best possible deal with the Americans. It had persuaded Washington to accept the 15-per-cent tax—instead of imposing a punitive duty on Canadian lumber. Indeed, the outgoing Carney insisted in Vancouver, where she said, "they blinked—we didn't."

Carney's five-day, four-day public relations blitz was just part of an offensive by the Conservative government to quell a rising tide of criticism of the lumber deal—and of the handling of Canada-U.S. free trade negotiations. During a nine-day period, government officials and ministers defended the deal at seven news conferences—including one in Washington by Canadian Ambassador Allan Gotlieb. Responding to critics who said that the deal threatened Canadian sovereignty, Gotlieb said that a threatened U.S. import duty would have been a much greater intrusion and would have cost Canada about \$600 million a year. The well-oiled spokesman, added Carney, kept the Americans "out



Carney in Vancouver last week. Zimmerman (below) is a vocal critic.

of our forests, out of our hands and out of our life."

Carney also confirmed that she had asked the cabinet for \$12 million to publicize her trade initiatives during the



next two years. The campaign would involve printing pamphlets, writing speeches and preparing video presentations to sell the government's free trade policy to Canadians. The New Democratic Party attacked the plan, saying it sounded remarkably similar to one the previous Liberal government conducted in 1990, when it was trying to promote public support for privatizing the Constitution. At that time, the Tories—Carney included—attacked the Liberals for using public funds to push their policies, but Carney said that her campaign was needed because Canadians were asking them for information about trade issues.

The rationale behind Carney's critics. Lumber industry spokesman Adam Zimmerman, chairman of the United States Lumber Council and New General's vice president, said the trade minister of undermining Canadian sovereignty by agreeing to the export tax, which must also affect last week Ontario Premier David Peterson asked Ottawa's handling of the negotiations "weak" and said that the federal government's decision to negotiate, rather than fight the proposed U.S. duty, set a "dangerous precedent" that might encourage further American intervention in Canadian affairs. Ontario's ministers were under fire last week, after the contents of an internal provincial government memo were published. The memo accused federal free trade negotiators of not fighting hard enough to protect the Canada-U.S. Auto Pact, which safeguards an estimated 155,000 jobs, mostly in Ontario. Carney promptly dismissed the charge.

Alberta's Conservative Premier Don Getty also voiced reservations at the softwood settlement, saying that his province would not co-operate unless Ottawa and the provinces reached agreement on implementing the export tax.

For their part, federal opposition parties said that they will try to delay the tax legislation when the majority government presents it to the Commons later this month. And Liberal forestry critic Bruce Tobin: "They're going to have a hell of a problem selling this."

Despite Carney's vigorous response, the continuing controversy over the lumber accord has raised serious questions about her performance in the difficult trade portfolio. Named "Citizen of the Year" by *Ottawa's* magazine last year for her performance as energy minister, Carney was re-elected with the trade job in a cabinet shuffle last June, with responsibility to direct Canada's strategy in the free trade talks. Said Prime Minister Brian Mulroney at the time: "She's got the ball, and you just watch her run." Instead, Carney has been bogged down with bilateral trade disputes. Her staff, government officials told, Mulroney's seems overwhelmed by the intricacy and complexity of challenges in the portfolio, and the minister herself sometimes appears to be flailing.

In addition, Carney's record of good relations with industry has been damaged by a bitter public debate with Zimmerman, who also leads the Canadian Forest Industries Council. Last week Zimmerman called the leader deal "a sorry and sad story" and said that Carney's negotiating team had bungled the deal through incompetence. In addition, he blamed Carney for ignoring the advice of industry veterans. Responding to Carney in an interview, "Adam Zimmerman expects reconciliation with getting his way. And once he didn't get his way, he maintains he wasn't contacted." Associates of both Zimmermans and Carney said that they were astonished by the oddness of the exchange and added that it boded ill for future industry-government co-operation.

Despite the agreement with Washington, the lumber dispute is still far from settled. Federal and provincial officials are to meet this week to negotiate transferring the expected revenue from the new tax to the provinces. That will likely be done by phasing out the export tax and replacing it with higher provincial timber-selling charges, known as royalties from then. Ottawa must satisfy Washington that its arrangement with the provinces will raise the cost of Canadian lumber exported to the United States by the same amount as if the 15-per-cent duty had been retained—canceling out what the Americans regarded as an unfair subsidy to Canadian industry. The result is two more sets of tough negotiations for Carney—and more distraction from her main task, overseeing the free trade talks.

—MARGARET DOUGAN with BARRY CLARK in Ottawa

Questions about a firing

Until late last week, he was a special assistant to Rush LaSalle, federal minister without portfolio and the Progressive Conservatives' long-serving son from Quebec. Frank Majors' salary in the position was between \$35,000 and \$40,000 a year. But in the past, Majors, 45, moved in many different circles. He once owned a strip club in LaSalle's riding of Joliette. And

Majors' past associations were able to work on Parliament Hill for almost six months without security clearance. Said Liberal justice critic Robert Kaplan: "I would want to know what kind of security was involved in hiring him. Is a politician like that, security clearance should come properly?"

LaSalle's chief of staff, Serge St. Pierre, said the minister, vacationing at an undisclosed location in Florida, did not know about Majors' past until Mulroney's contacted the secretary's office. St. Pierre said that LaSalle would not comment on the matter. And Majors himself said that he never told LaSalle, whom he claimed to have known for 25 years, about his criminal record. Indeed, Majors told Mulroney's that he has put his past behind him and has "turned a page in my life."

From police in Montreal, Ottawa and Toronto, as well as court documents, Mulroney has learned that Majors had a great deal to put behind him in 1983, while Majors was operating a nude dancer booking agency called Prestige Entertainment in Toronto, his business partners in the venture, Bernard and Richard Côté, killed one man and critically wounded another. The victims, two Montreal drug couriers who, according to court documents, once met with Majors' apartment in Toronto as a drop-off point for cocaine.

Earlier the same year, Majors was fined \$1,000 and sentenced to two years' probation after being convicted in Joliette of assault with a weapon, mailing bodily harm. In the same case, a jury acquitted him on two counts of extortion. And while booking dancers at strip clubs in Ottawa, Majors was photographed by surprised crime investigators as he met with reputed Hamilton Mafia kingpin John (Johnny Pope) Papalia.

new officers in Ottawa said that they did not know until the firm was not asked to conduct a routine security check on Majors, who handled a variety of assignments, including counterintelligence problems, for LaSalle. Said one investigator: "There's no way Majors's name would have come through our system. Majors first. But several questions remained, including how a person with



Majors in Ottawa: 'light would have flashed'

as recently as 1983, the Ottawa-based political aide was a sometime roommate and business partner of Bill Sumner, a convicted underworld associate linked to Montreal's Corio crime family. Majors was convicted of assault the same year.

Just hours after Mulroney's approached senior members of LaSalle's staff with details about Majors' background last week, the minister ordered Majors fired. But several questions remained, including how a person with

said that Majewski was given a personal history form in November that the force would have used to assess whether he could be cleared to handle documents classified as "secret." Majewski never returned the form, and no security check was conducted.

Kaplan, a former software general, said that managers often hire staff before security clearances are completed. "Normally, managers are prepared to check their desks out a little," he said. "They have the person's criminal record and are prepared to take responsibility for them. Here, it looks like the manager hasn't taken proper care."

In addition to hiring Majewski last summer, LaSalle also gave a secretarial job to Majewski's companion of eight years, Gisèle Barbeau, who was also fired last week. In 1983 Barbeau and Majewski temporarily shared a Toronto apartment with Stinson and, later, Clement, a fugitive wanted for first-degree murder. Stinson, who last autumn confessed to four murders, was sentenced to life in prison in 1984 for the attempted murder of Montrealer Robert Heta at the Seaway Motel in Toronto. In the same incident, Heta's friend Marc Heroux was shot to death by Stinson, who has since admitted that his purpose in the shooting was Clement. According to testimony by Heta at Stinson's preliminary hearing, the two victims had transported cocaine from Montreal to Toronto and Majewski several times and even slept in his apartment. Stinson going to prison, Stinson has become a Crown witness and a police informant.

Majewski's political involvement with LaSalle has been lengthy. In July, members of the Majewski family are evident in a campaign organizer for LaSalle. Since 1984, Majewski's brother Roger has served as LaSalle's paid constituency secretary. Rod Joliffe, Liberal Office Representative, who ran against LaSalle in 1984. "The Majewski have been with LaSalle for as long as anyone can remember."

For his part, Majewski told Maclean's that the Toronto motel shooting was a turning point in his life. "I couldn't believe what happened," he said. "It was surreal." Since then, Majewski said, he has shed his past criminal associations and he said that he "hardly know" Stinson. But he acknowledged that he visited Stinson in a Toronto detention centre after the shooting.

For LaSalle, revelations about his former associate's criminal past come at a difficult time. He is facing a new, more starchy last winter and lost the public works portfolio in a cabinet shuffle last June. LaSalle's decision to hire Majewski could further weaken his already diminished status.

—DAN BUCKLE in Montreal

Violence on the Island

The controversy swirling around the Prince Edward Island legislation also involved one of the most emotional issues of the 1980s: violence against women. On Dec. 17 Conservative member Peter Pope admitted in provincial court that he had assaulted 33-year-old Margaret DeGruha while visiting her apartment last September. According to court



Pope: Peter, you're doing the courageous thing.

testimony, Pope asked DeGruha by the hair and struck her eight times in the face. After pleading guilty, he was fined \$500, placed on a year's probation and ordered to compensate DeGruha for the week's pay she lost because of the beating. A father of three and a descendant of the Island's first post-Confederation premier, Pope apologized, said he was drunk at the time and disclosed that he was under treatment for alcoholism. But he refused to resign his seat (S24 Probe)—despite protests from women's groups and an appeal from Liberal Premier Joseph Ghis.

Then, last week Pope abruptly changed his mind. Contacted by inter-

im Conservative leader Lennox MacLean in Florida where he was vacationing with his wife of three decades, George, the 53-year-old Pope told MacLean that he would resign before the spring session of the legislature. Said MacLean in response, "Peter, you're doing the courageous thing."

Pope's decision was a godsend for MacLean's Tory party, which is trying to rebuild after its defeat by the Liberals last April. The announcement also spared Island legislators the embarrassment by their Nova Scotia counterparts. Two months ago the Nova Scotia government called a special session to meet after cabinet minister William (Billy Joe) MacLean, who refused to resign after being convicted of attempted assault.

But the forces over Pope's action did not end with his decision to quit. Said Dennis Parter, chairman of the P.E.I. Advisory Council on the Status of Women: "This cannot be forgotten. Violence against women undermines women's equality in our society. It is too serious a crime to dismiss."

Other critics urged the Island government to pass a law similar to the statute enacted in Nova Scotia to remove MacLean the so-called "Bully Joe" law. MacLean, convicted of sexual crimes from seeking sexual favors for five years after their conviction. Still others feared that Pope, transportation minister in the former Tory cabinet, might attempt to return to politics.

Indeed, MacLean said Pope would have the party's full backing if he decided to run again. If he does, there may be little his opponents can do to prevent it. The Nova Scotia Supreme Court last week struck down the notion of the "Bully Joe" law that barred a convicted person from running for office. MacLean promptly announced that he would seek reelection.

—MARCUS GEE with BARBARA KACZMAREK in Charlottetown

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A decision to stem the refugee tide

It was a sharp change of direction, and it generated immediate controversy. Only two weeks ago Immigration Minister Benoit Bocharad said that rejecting citizens of Turkey to obtain a visa before coming to Canada was not the best way to halt the recent flood of Turks claiming refugee status. But last week Bocharad did just that—preventing string entanglements from refugee groups and a protest from the Turkish government.

Bocharad said that he made the decision reluctantly and promised that Ottawa would not expel the hundreds of Turks who have already arrived in Canada and applied for refugee status. He added, "The Canadian refugee process has been overwhelmed." Still, critics warned that his action might shut the door not only on illegal elements but on legitimate refugees fleeing war and oppression. While conceding that visas might be necessary in some cases, Ottawa's North-South Institute, a nonprofit research group, said that any "turning back on Canada's liberal humanitarian tradition is vigorously opposed by all groups concerned with refugee rights."

Bocharad's action came as the Conservative government prepared to legislate the most extensive overhaul of refugee policy in years. The new policy, not expected to be detailed for several weeks, will aim to speed up processing of refugee claims—speeding out procedures—and to simplify the appeal process. The decision also coincided with rising public concern about the recent influx of people arriving in Canada seeking refugee status—especially in Quebec, the entry point for most of the Turks. Last year the number of refugee claims doubled to 16,000 from 8,000 in 1988. Bocharad denied that his action was a response to an anti-immigrant backlash. The refugee advocacy groups who met the minister last week said that he was aware of public feelings. Said Thomas Clark, refugee specialist with the Canadian Council of Churches in Toronto: "He was preoccupied with what he perceived as public opinion."

In recent weeks public attention has focused on the Turks. Since September 1,800 Turkish citizens have arrived in Montreal claiming refugee status. Many were the victims of unscrupulous immigration consultants who told them that Canada needed workers and would let them move freely. The authorities have stressed Quebec's welfare services and angered many Quebecers.

Bocharad said that requiring Turks

to get a visa before coming to Canada was only a temporary solution. However, some critics are suspicious of Ottawa's proposed reforms. Barbara Jackson, a Toronto immigration lawyer, voiced concern that the new rules might allow immigration officers to reject refugee elements after a brief interview—a violation of a 1985 Supreme Court decision that guarantees every immigrant an oral hearing by an appropriate decision-making body. She

said the program. Most people applying for the visas gave two reasons for wanting to move south—jobs and better weather. In Toronto, computer programmer Narendra Kaddy, 25, who lived up north in the U.S. consulate for an application form, said that there were better opportunities south of the border. Said Kaddy: "If you want to go into business for yourself, the U.S. banks are more willing to take risks."



Seeking visit at U.S. consulate in Toronto: Bocharad (below: better weather)

said that the new rules must also guarantee an appeal before a body competent to comply with the court's decision. Said Jackson: "There isn't an area of law where you don't have some kind of appeal—even for a traffic ticket."

Recently, the controversy over illegal refugees trying to enter Canada came as thousands of citizens were lining up to leave the country. Under a special program, the United States will allow 16,000 additional people to immigrate over the next two years. The visas are available to people from 38 countries, including Canada. By week's end, the U.S. embassy in Ottawa and consulates in seven cities had received more than 37,000 inquiries.



—MARGUERITE with MARG CLARKE in Ottawa, GARY BARRETT in Toronto and SARA LINDEN in Montreal

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A blow for the doctors

The British Columbia Supreme Court struck a blow at the province's doctors last week—and it resounded through medical communities across the country. Mr. Justice Kenneth Lysek upheld a provincial law limiting the number of physicians who practice there and deciding where in the province they can work. Aided at slowing the increase in health costs, the law allows the province to restrict the number of billing numbers—required to bill B.C.'s medical insurance system—issued to new doctors.

Other provinces have expressed interest in B.C.'s system, causing widespread concern among doctors. Said Dr. John O'Brien-Sell, president of the B.C. Medical Association: "The mere champagne corkers are popping in ministries of health across the country."

British Columbia's restrictions on doctors—introduced in 1983—were prompted by several factors. The province has the highest ratio of physicians to citizens in Canada (2.81 compared with the national average of 1.97). And a 1985 government study showed that each new physician costs the province \$250,000 a year in billing claims.

Justice Lysek's 40-page decision was the latest episode in the doctors' fight against the system. Physicians won their first challenge before the B.C. Supreme

Court in 1985, which ruled that doctors were free to practice anywhere in the province. But the government circumvented the decision by amending the law, giving the province the right to restrict or attach conditions to billing numbers. In November, 1985, Dr. Peter Wilson, who had been refused a billing number, launched a protest that drew the backing of the Canadian Association of Internists and Residents (CAIR) and the Canadian Medical Association. But after spending more than \$300,000 in legal fees, they found defeat last week. Said Wilson, a family practitioner since receiving a billing number in early 1986 that restricts his practice to Kelowna: "B.C. has now given other

provinces the go-ahead."

Certainly, other provinces regarded it as a test case. Said Manitoba Health Minister Larry Dwyer: "We welcome the decision because it means, if we have to, we can go ahead and pass similar legislation." In Alberta, Health Minister Marvin Moore has warned doctors that the province might also restrict billing numbers to keep down health costs.

The group most threatened by the



Wilson, giving the go-ahead to other provinces

refusing recently graduated B.C. doctors. CAIR estimated that between 390 and 400 new doctors each year will be affected by the restrictions. Most will be able to bill in for vacationing doctors. But that concession is unlikely to satisfy many new doctors who want their own practice—and the right to decide when they hang their shingle. Said Dr. David Mathews, president of the Professional Association of Residents and Internists: "Piling in for vacationing doctors is not a career many of us have entered."

—JANE STEIN in Vancouver with DEUC SMITH in Winnipeg and ANDREW JACKSON in Toronto



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BRAZIL'S NEW BEAT



Rio's tropical skyline: (below) President Sarney, right; a girl from Ilheus, left, samba, soccer—and a host of problems

It is an hour past midnight. A tropic moon hangs over the shoulder of Guanabara, and its silken statue of Christ, whose contorted arms have embraced Rio de Janeiro's skyline since 1931. But under the corrugated roof of the Boalá de Samba Salgueiros, another facker is a waltzlike stomp to Odono, jungle god of Brazil's voodoo-like religion, Umbanda. From one end of a dance floor the size of a hockey rink, 30 dancers posed out a somber samba. Overhead, red and white plastic streamers flutter in the heat. Below, 2,000 sweating bodies in every shade from white to mahogany follow the turn, gyrating heat.

The arena is repeated each Saturday night in some four dozen Rio samba clubs. To a visitor, the dance halls are beguiling mirrors of Brazil's happen-

ing, an irresponsible optimism, a latent cynicism which colors the country's prevailing Catholicism, and a soul-killing sexual energy. And in deed, Brazil's 137 million people have much to celebrate as the southern summer reaches its peak this month. With a generation of military rule behind them, their first freely elected congress in 35 years is about to frame a new constitution that should prevent any reversion to dictatorship.

Ratunato. At the same time, the country's fast-growing economy is preparing to overtake Canada's to become the world's eighth largest. Economic reform inaugurated in February, 1986, have raised momentum for many Brazilians by close to half. Inflation, once a galloping 400 per cent, has been throttled back to a more manageable



President Collor de Mello

50 per cent. The Gross National Product has increased by eight per cent in the past year, compared with Canada's less than two per cent. Indeed, the optimistic national mood prevails even though, for many Brazilians, the political and economic resurgence is still no more substantial than the flimsy on the feast of Rio's annual Carnival. But Brazilians have seldom allowed head news or caution to restrain their often flamboyant national dreams. And now they have come to believe that their country—last-known for its coffee, soccer and the braided bodies on Rio's famous Ipanema beach—may emerge as the world's next major economic power.

Reckless. Leading the country's revival, the cautiously pragmatic 57-year-old president, José Sarney, faces a major economic challenge: how to repay Brazil's \$103-billion (U.S.) foreign debt—the largest in the develop-

ing world—without compromising his commitment to raise the living standards of the two-thirds of Brazilians whose family incomes are less than \$2,000 a year. But while tackling that and other economic problems, Sarney must tread carefully between powerful forces on the right and left. The 270,000-member armed forces still play a major role in the nation's politics, despite the formal handing over of power in 1985. Generals occupying key cabinet posts, with allies down the hall from Sarney's own in the presidential palace, wield an effective veto over measures they consider too radical. In that context, the 350-member congress will begin in February to frame a new constitution, beset by the knowledge that seven previous constitutions led only to dictatorship.

But risk taking is nothing new to Sarney and the people of Brazil, whose

national ambitions have often struggled to match the harsh odds of their geography. Their country, which won its independence from Portugal in 1600, covers 3.6 million square miles—a territory larger than the continental United States. It occupies nearly half the continent, averaging 4,200 km from the Atlantic and the parched states of the northeast across the vast wetlands of the Amazon River to the borders of Colombia, Peru and Bolivia. But despite a series of economic booms built on sugar, coffee and rubber, it remained an economic bit player in world terms until the 1960s. Then, with the establishment of its first auto plant by Volkswagen in mid-decade, followed by the adoption of a new national capital, Brasília, in 1960, the country entered a growth spurt.

Contrasts. Still, modern Brazil presents a study in jarring contrasts. In São Paulo, a bustling, polished city of 15 million people, concentrated banking machines share the sidewalks with the distorted bodies of cripples, placed on benches by family members to beg from passers-by. In Rio, the collapse of the favelas flanks leonard bridges. Here families have a television set, but no running water, and Brazil's O Globo television network—the world's fourth most profitable after the American Big Three—promotes the deepest reaches of the Amazonian rain forest where some Indian tribes have yet to make their first contact with civilization. "We are two countries," declared Rio-based social scientist Osvaldo Pais, "a developed country of 50 million, inside an undeveloped country of 90 million."

President Sarney himself noted recently that "Brazil lives in a paradox" of wealth and starvation within the same borders. And economic inequities undoubtedly raise the galling crime rates in Brazil's overcrowded cities (page 28). Sarney has promised to narrow the gap between rich and poor to avoid "betting life to the powder keg" that he fears destroyed previous favela reconstruction establishments with close ties to the military.

Protest. Indeed, the military displayed its strength barely last month when Brasília's two largest trade union confederations threatened to paralyze money and public utility with a general strike in protest over a round of tax increases. Minutes before midnight on Dec. 11, army tanks took up positions at subway stations and a government-owned steel plant in Rio, while in São Paulo crash-helicopters shot down of the mounted military police were massed in back streets throughout the city. Partly due to the intervention of the military, the 28-hour strike failed to stop the govern-

PHOTO BY AP/WIDEWORLD

most from announcing a fresh round of tax increases a few days later. Still, this show of armed force was mild (and unopposed) with the show of military rule when—provided by a cache of kidnappings of foreign diplomats by left-wing extremists—the generals in 1969 launched a counter-coup of right-wing terrorism. In the ensuing six years an estimated 450 people died at the hands of right-wing death squads and Brazil's military torturers became infamous.

Explosion: But despite the return to democracy and several victims' grossly negligent acquittals, the military has largely succeeded in ending accountability for its excesses. In his most Brazilian move, Sarney was anxious to put the period behind them. Elton Riklis, a former student revolutionary, is among those who raised no objection to the 1980 amnesty for servicemen accused of torture. Said Riklis, now a successful screenwriter: "I don't see any advantage in wanting to try them now." But journalist Bernardo Kucinski, who claims that his sister was kidnapped by the secret police in April, 1964, and has not been seen since, disagreed. "We went through great suffering," he said. "The fact that Brazil, even today, doesn't do it necessary to investigate is another kind of suffering."

Brazil's new civilian president has seldom strayed far from the military's preferred line. Indeed, until mid-1985, Sarney led the pro-military faction in the tightly controlled congress, and he only became president because of a historic accident when the military relinquished power, opposition leader Tancredino Neves, head of the Democratic Movement of Brazil Party (DMB), recruited Sarney as his running mate in a bid for conservative support. Neves won the presidential vote but suffered a heart attack on the eve of his inauguration, dying a month later. And it was Neves' death that thrust Sarney unexpectedly into the presidency on March 15, 1985.

Survivalist: Since then, Sarney has reshuffled the cabinet he inherited from Neves into a more conservative lineup. He dropped several DMB democrats and kept at least two untested officers in the sensitive posts of army minister and minister in charge of the National Intelligence Service. Declared Brasília politi-

cal scientist David Fletcher: "The military has basically retained control." Still, most observers say that the military role in Brazilian political life is diminishing. "I don't see any possibility of a return to dictatorship," said the former left-wing activist Riklis.

Sarney's challenge now is to free his presidency from the influence of the military without being limited in turn

to run until 1994. For their part, the generals are determined to preserve the military's right to intervene in political life. But all factions agree on one overriding point—that of Brazil's fragile New Republic is to survive, the government must reduce the gap between the country's seven million wealthiest and its 82 million poor. That gap is glaringly evident in the



Shut-down dealer Maucemato and Sarney, right: Rio beach, before, rise and broiled beefs

by the congress, in which his partners of the first two DMB seats in last November's elections. Next month, when the senate and chamber of deputies begin drafting Brazil's latest constitution, Sarney's influence will be tested by one DMB proposal which would reduce his term in office, currently due

glittering night spots and septic shuttles of São Paulo, Brazil's largest city and its industrial heart. For the well-heeled, the city burns out its frequent commuters to madtown Manhattan. At the curb in front of Maucemato's, a favorite haunt of São Paulo's moneyed, the heavy haze of gold gleams from Irrelevantes neckties. The DMB is joined with polished pink marble. The menu is northern Italian with a Brazilian twist. Maucemato's pasta and orange lamb have been passed by international reviewers. By Canadian standards, however, the prices are not extreme, the bill for a single dinner seldom tops \$60 (Canadian—44).

Sarney like to Francisco Assis Maucemato, 33, a resident of the São Paulo favela, or shanty town, of Vila Nova Jaguaré, that is more than a week's pay, as a someone. He takes home \$160 (Canadian), or \$20.50, each Friday after social security deductions. For



Assis and his wife, Marie Lourdes, 43, and their two daughters, Dorcas, 13, and their two-year-old niece, are usually black beans and rice, occasionally augmented with string beans. "It has been over a month since I bought meat, two kilos of ribs," Marie Natividade and Cigarettes, even at six cents (30 cents) for a pack of 30, are a mere indulgence. At first, São Paulo's estimated one million favela dwellers are better off than the three to four million poorest migrants from the drought-stricken northeast who are crowded in slum corridors—filthy boarding houses.

Demand: With two-thirds of Brazilians among the poor, past attempts at democracy have been doomed to fail. Political scientist Heio Jaguaribe, an adviser to President Sarney, describes Brazil's political history as "a vicious cycle" in which "democracy produces economic demands that society cannot meet in the short term." Said Jaguaribe: "These demands produce pain in the middle classes, who see their perks—their apartment, their Volkswagen—being threatened, and end up calling on the military to intervene to stave off communism." It was just such fears that led to Brazil's last descent into dictatorship in 1964.

Once in office, Sarney moved dramatically to break the cycle by innovative economic reforms. Eleven months ago he announced the Cruzado Plan to curb inflation, starting at 450 percent a year. Sarney froze prices and replaced the defunct cruzeiro with a new currency unit, the cruzado, worth 1,000 cruzeiros. He also abolished indexing, the process by which wages kept pace with inflation. In its stead, during 1985, he set a cap on wages for the abolition of indexing—Sarney raised the wages of every Brazilian by eight per cent. In the first month of the Cruzado Plan, inflation plunged to near zero. But, armed with new spending power, consumers set off an unprecedented buying spree, and as demand soared, factories added shifts to increase output, creating new jobs. By late last year, economists estimated that the Cruzado Plan had stimulated real income gains of up to 30 per cent for the poorest-paid workers.

Lineups: But the euphoria was short-lived. By mid-August the buying spree was producing rampant shortages. And while Finance Minister Dilson Funari boasted that millions of Brazilian Sarneys were able to afford beef for the first time, butcher's counters were bare, with lambs foraging whenever meat became briefly available. Meanwhile, car plants were forced to cut production when suppliers refused to provide parts at prices frozen by the government. And by De-



consider an ominous indicator of hidden inflation had responded interest rates on installment-plan purchases were at 300 per cent.

Alarm: Other trends were even more alarming. Brazilian, secure when price controls would be lifted, froze investment plans. Bargaining demand at home left River Brazil's goods for export, and by fall foreign exchange earnings had plunged to barely \$100 million (U.S.) from the \$1 billion a month needed to service the country's bloated international debt. As the grain economy imploded because of drought, investors fled the São Paulo Stock Exchange, losing \$42 billion from the value of companies traded on the exchange between April and November. Declared ex-change president Edmaro Levy "They [Sarney and Faria] sold a fantasy that did not exist. Everybody thought there was a free lunch. They've realized there is not."

Indeed, only days after the FICOM's November notice of nonrenewal elections demonstrated wide public support for the Castelo Plan, Sarney and Faria began dismantling some of its key components. Tax increases added 10 per cent to the price of gasoline and 30 per cent to the cost of new cars, in an attempt to slow down runaway consumption and refill a drained national treasury. Early in December the government loosened price controls on manufactured goods, then on milk and medicines. Finally, just before Christmas, in an admission that inflation was high, Finance Minister Faria allowed lenders again to index interest rates to changes in retail prices.

Reversals: The stunning reversals abruptly ended the honeymoon Sarney and his main partners had enjoyed with voters. Last month's one-day general strike in protest against the new rules won the support of moderate labor groups as well as the left wing, and vacillated in closing 80 per cent of São Paulo's heavy industry. And Sarney's personal approval rating fell from 90 per cent at the height of the Castelo Plan's success to a mere 54 per cent in early December.

The sudden slump in their popularity comes at a crucial time for Sarney and his government. This week Brazil was due to enter delicate negotiations with the Paris Club of major govern-

ment lenders to reschedule its foreign debt payments. The Brazilian want those payments, now running at \$12 billion (U.S.) a year, cut by half, forcing the remainder for new investments in health, education and economic growth. Declared Sarney: "Brazil will



Laura Arduini, (below) Spondia Fátima, an irrepressible optimist

not pay its foreign debt with recession, unemployment or hunger." Brazil's creditors include the Canadian government, as well as Canada's Big Five chartered banks, who are owed a total of \$5 billion (page 86).

Both sides have strong reasons to reach a settlement. Brazil badly needs foreign investment to create the 15 million new jobs a year demanded by a



young and growing population, even before addressing the enormous gap between rich and poor. Investment in the country, once running at \$1.5 billion (U.S.) a year, slowed considerably as banks froze new credits and in inability to rally without a debt rescheduling deal. But the creditors

recognize that Brazil could shake the Western banking system to its foundations if it endorsed the moratorium on debt payments demanded by some state members. Observed Paulo Rabello de Castro, senior editor of Rio's influential business review *Observador Econômico*: "It's like a dud where both guys have the chance to shoot at the same time. And afterwards both wind up dead."

Orgas: As the country prepared to stage its annual Carnival in March—when the enjoys a five-day orgy of music, dancing and costume parades—Brazilians included in the national

tendency to ignore the bad and dream of the better life. The summer of that tendency is captured in a verse from one of last year's Carnival songs: "You must find it outrageous that you lack on your wall." Said Ben Ruggiero Charbonneau, a Canadian-born poet and sociologist who has taught social studies at São Paulo's Santa Cruz College for more than three decades: "At Carnival, everyone discusses kings, queens and peacemakers. It is a huge dream, but in Brazil everyone dreams."

It may be that tendency to dream and to gloss over problems which leads many Brazilians to close their eyes to social ills such as the racism in their society. The population is made up of native Indians, whites from Europe and the descendants of blacks originally imported as slaves, plus more than a million relatively new arrivals from Japan. "Discrimination is illegal in Brazil," Sarney said recently, and although that may be true is a legal waste the statistics paint a different picture. Forty per cent of Brazil's 63 million blacks have less than a single year of schooling. Blacks are significantly less than whites in unskilled jobs. And whites, who number slightly more than half the population, hold all but three of the 546 seats in congress. For black São Paulo university professor Milton Santos, the depth of discrimination in Brazil became evident when



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THE LURE OF SOUTHERN MONEY

COVER

A long line of 540 Brazilian-made Volkswagens for sale rolled out of the cargo hold of an ocean freighter in Buffalo harbor last week. The cars were on route from a factory in São Paulo to their North American debut at showrooms across Canada, where they will sell for around \$8,500 each. But the Brazilian-made autos represent more than one more import whose price reflects lower foreign labor costs. The commitment—the first of 25,000 Brazilian-made Fords destined for Canada this year—is a symbol of the changing trade relationship between Canada and Brazil. Reversing the normal trade pattern between developed and developing nations, Canada now imports significantly more manufactured goods from Brazil than it sends back. And it exports more raw materials to that country than it receives.

That Brazil is not likely to change Canadians now have \$1.5 billion invested in Brazil, making it the South American country the fourth-largest recipient of Canadian investment after the United States, Britain and Australia. But the Brazilians were determined to keep Canadian manufactured goods out. Said Joe Tillie, Rio

Anheuser "The Light"

de Janeiro-based president of Canadian-owned RVN Mining Corp., a joint Canadian-Brazilian gold mining operation: "They will continue to encourage capital and discourage goods." Still, because of notable successes in the past and a stable market—127 million people, with a large middle-class—Canadian business continues to find Brazil enticing. Said Dennis McDowell, a Brazil expert at the Ottawa-based think-tank, the Conference Board of Canada: "Brazil, of all the countries in

the developing world, strikes one as being at the top of the production-revolution curve."

But Brazilian officials blame the protectionist trade policies as the pressure of repaying the nation's huge \$10-billion (U.S.) foreign debt. As a result, Brazil has enacted measures to promote sales of domestic products and restrict imports. A product cannot be imported if a similar one is made in Brazil, which means that Canadian clothing and shoes cannot be sold there. As well, there is a ban on imports of small computer products. These measures have generated hostility from the country's trading partners, particularly the United States, which is threatening countervailing duties. But it appears unlikely that Brazil will change its strategy. "It is an underdeveloped country wants to develop, it must establish its own protection," said Sergio Sandberg, a Rio de Janeiro-based corporate lawyer with a suite of Canadian clients.

Still, Brazil is a country with a history rooted in trade. Its very name is derived from its first export of brazilwood, which the Portuguese called *brasil*, or "burning color," because of its glowing red color. And Canada has been an important foreign investor far more than 300 years. Indeed, one of the largest conglomerates in Canada, Toronto-based Brazilian Ltd., began in 1899 as the Brazilian Trading, Light and Power Co. Ltd. and became one of the world's largest public utilities. The Canadian-owned company, with

holdings in railways and telephone companies, was known in Brazil as "The Light" and was a major force in the developing Brazilian economy. In 1978 the Brazilian government purchased its utility portion. But Brazilian, which controls such diverse Canadian enterprises as John Labatt Ltd. and Royal Trustee Ltd., still has \$250 million invested in Brazil through its subsidiary Brascan Administration and Investments Ltd., under company president Roberto de Andrade. A major investment is the country's largest shopping mall, the Rio Sul in Rio de Janeiro.

Anheuser Other companies with well-established Brazilian operations include business firms giant Alcan Corp. of Toronto and Montreal's Alcan Ltd. Indeed, Alcan has made Canadian business's largest recent investment in Brazil—\$182 million in 1995 as its aluminum operations.

The Brazilians prefer joint ventures with foreign investors rather than 100-per-cent foreign ownership. Since the 1970s, that policy has favored Canadians. According to McDowell, Brazilians regard Canadian business as "a more positive light" than U.S. industry. "They don't see us as threatening," he said. That goodwill has helped Canadian businessmen such as Jacob Joseph Elkin, a Toronto-based financier, who has raised \$65 million

in North America, Europe and Japan for the RVN Mining Corp. With Canadian directors dominating its board and Canadian investors holding 49 per cent of the shares, the Brazilian company is looking for gold in the interior of Brazil, an area that rivals the Ca-

py of four more sales.

Competition So far, few Canadian companies have signed joint ventures. Said Jeremy Fox, a partner in the Toronto-based management consulting firm Fox Jones & Associates, which specializes in arranging Brazilian joint

venture joint ventures in high technology. Spar Investments of Canada Ltd. has just completed a \$150-million sale of two communications satellites, with an option for Brazil to purchase two more. But that deal prompts Spar to sitting up a special operation to sell a wide range of Brazilian products and services abroad. As well, Toronto-based Sterling Systems Ltd., which manufactures computer-run pulp-and-paper measuring-and-control devices, has spent \$400,000 and almost two years arranging a joint venture in Brazil.

It submitted the Canadian company is normally made and developed new Brazilian computer software programs to meet regulations. As a result, the company has sold eight \$250,000 systems and is awaiting government

approval for four more sales.

Caution Some experts believe that greater awareness of Brazil's cultural and economic facts is the key to increased trade between the two countries. Brazil-Canada Chamber of Commerce general manager Michael de Freitas aims to encourage information exchanges. He said that one drawback is the temporary lack of a Canadian ambassador in the capital, Brasilia. Ambassador Anthony Byrom—brother of Brascan chief executive Trevor Byrom—was relocated to Ottawa in mid-1986 and has not yet been replaced. Such delays are common in ambassadorial appointments, he said de Freitas. "You hurt a country's image if you're only got a country's consulate, as it were." That is especially damaging, Fox added, in a country where personal contact is crucial and "a good handshake and an embrace at the airport are more important than a contract."

Exploring the intricacies of the Brazilian economy has been the mainstay for Canadian banks. During the late 1970s Canada's five largest banks poured money into the country and now hold \$5 billion of Brazil's currency debt. The Toronto Dominion Bank, which is owed \$202 million, closed its São Paulo office in 1988. At the same time, the Bank of Montreal—the largest Canadian lender with \$2 billion in outstanding loans—remains active in financing Brazil's infrastructure trade.

Trade deals Despite the impediments, an easier and rich country remains a challenge to Canadian business. Brazil has a six-month bidding of demand for freeness, but almost no frozen foods on sale, offering an opening for such large Canadian food companies as New Brunswick-based McCain Foods Ltd. Indeed, as part of a Canadian government effort to encourage a broader trade base, the Conference Board's McDowell is now completing a study on Brazil for the Investment Development Agency. "Billion million people in South Brazil are every bit as affluent as we are in Canada," he said. "It's a tremendous market, and not many Canadians realize it." Added McDowell, Fox if it is enough from Brazil to what the United States must have been at the turn of the century. "The key for Canadian exporters is to develop a close working relationship with local business before Brazil reaches its full stature in world trade."

—ANN HUBBELL, with THERESA TENDERO in Toronto and CHRIS WOOD in Rio de Janeiro



Shoppers-owned Rio Sul shopping mall, São Paulo Volkswagen (below) encouraging Americans but restricting exports



audia Shield for mineral deposits. RVN has two operating mines and four more planned for 1995, and Elkin says profits will start flowing this year. Canadians also are beginning to de-

velopments. "Not many Canadian firms have the commitment, courage and financial strength." As well, many Canadian businesses are hesitant to tackle an unknown and reportedly bureau-



Workers at felled tree: 200,000 square miles of Amazonian forest destroyed

THE LAST FRONTIER

COVER

It meanders 4,500 km from Peru across northern Brazil to the Atlantic Ocean—and it passes straight through the hearts of Brazilians. For generations, the Amazon River and the vast tropical rain forest that surrounds it have been a national obsession. Brazilian government and business leaders have dreamed and schemed of ways to develop that last frontier, to cut cities out of the jungle and tap its mineral resources. But in the process they have done incalculable damage to the ecology and to the culture of its native Indians—and still not managed to tame the wilderness.

Outposts: Now the 50-north-of-equator government of President José Sarney is trying to formulate a coherent overall Amazon policy designed in Sarney's words to "preclude development without destruction." At the same time, Sarney has approved a project to build army outposts in the far north and northwest, both as a security measure and a boon to development—a plan that is drawing fire from many churchmen and opposition politicians.

The devastation of the Amazon has been staggering. According to the Federal Brazilian Institute for Forestry Defense (IBDF), loggers, farmers, min-

ers and road builders have destroyed 306,000 square miles of Amazonian forest to date, or 36 per cent of the land—as area larger than the Yukon. And every year another 10,000 square miles of trees, including such protected species as the Brazil nut and the babaco palm, are felled or burnt, the first sign of the problem is sheer inefficiency: experts estimate that to obtain 280 million cubic feet of hardwood, loggers destroy more than five billion cubic feet of lesser-quality woods. Paula Augusta Viveiros, superintendent for planning in Brazil's great state-controlled mining group, Companhia Vale do Rio Doce, concluded, "We are facing a process that is powerful enough to destroy everything—the forest and, in a few decades, the soil."

Recently the Brazilian government has shown signs, however tentative, of wanting to control that process. Last October the government modified its forestry code to forbid the felling of primary forest for cattle ranches. But "the problem is making the law stick," said vice president Jaime Sanguin, whose agency is greatly understaffed—in the most devastated Amazonian state, Pará, it has only 40

inspectors to cover more than 400,000 square miles of forest. Sarney's overall Amazon program, still in the planning stages, is expected to include a zoning code that would designate land for such uses as farming, industry—or no development at all. The government's National Environmental Council, which is scheduled to complete its proposals next month, has yet to agree on how large an area should remain unspoiled. Meanwhile, Britain's Royal Geographical Society has joined such Brazilian government agencies to conduct a major study on the recovery of destroyed forests.

The military outpost plan, already underway, is the brainchild of chief of staff General Roberto Dantas Diniz. He persuaded Sarney that Brazil needed a military presence to guard against left-wing guerrillas and cocaine traffickers from Peru and Colombia to the west and the instability of neighbors to the north. The army garrisons and airstrips being built along 4,500 km of frontier are to be followed by access roads to encourage settlement. The Northern Frontiers Project, as it is called, has been controversial from the start. Its existence was linked to the green list October, after construction had started. That prompted opposition charges that the government had allowed the still-powerful military to bypass the democratic process.

Demands: In addition, many Catholic church leaders and anthropologists argue that the project would disrupt the lives of the area's 60,000 Indians. "The Indians have never represented any type of threat to national sovereignty," said Archbishop Cívico Pereira of the central Amazonian city of Manaus, "and turning them off their lands in the name of frontier defense is to open the way to their destruction." Added Bishop Aldo Marchese of Roraima: "The project is not justified just because its members see the [Indian] lands as a region of potential conflict. But one thing is certain: conflicts will arise when they start to colonize this region." For the endangered Amazon, future conflicts over development seem as inevitable as rain.

—BON LEPEN with MYRTLE ADRIANO in São Paulo

ONE STEP AHEAD

BENSON & HEDGES
BLACK AND GOLD

WARNING: Health and Welfare Canada advises that danger to health increases with amount smoked—avoid eating
Av. per cigarette. Rich King Size. Tar 12mg. Nicotine 1.2. King Size Lights. Tar 10mg. Nicotine 1.0.



Washington liquor store: Thrifts of massive New Day on brandy, gin and white wine

EUROPE

Transatlantic showdown

It was a war of nerves—and of gin, brandy and olives. A long-standing trade dispute between the world's largest economies peters—the United States and the European Community (EC)—last week showed every sign of turning into a full-blown transatlantic economic conflict. And as both sides approached a Jan. 20 showdown, there were few hopes for compromise. The fight began last spring when EC agricultural policies threatened Spain's turf on U.S. food grains to 200 per cent, from 20 per cent. For months the EC refused the U.S. demand that its farmers be compensated for the loss of a \$550-million market for grains. Then, on Dec. 29 the United States finally retaliated—with a punitive 200-per-cent tariff on European Market brandy, gin, white wine, canned hazelnuts, olives, carrots, avocados and olives starting on Jan. 30. Said EC spokesman François Le Bail: "This is not a question of beef, pork or wheat. The Americans aren't kidding. Neither are we."

Last week, an American rather than a European brandy before the tariff deadline, the EC quickly responded with its own threat: 200 officials announced plans to retaliate in mid-February with higher tariffs on American corn, feed, wheat and rice. French Trade Minister Michel Rans warned that the EC would reply to any U.S. action with "an eye for an eye and a tooth for a tooth." Such a trade war could jeopardize \$10 billion in trade between the EC and the United States and could send other trading partners in Canada in a costly round fire.

A flurry of last-minute negotiations were already under way. After meeting in Brussels last week with British Foreign Secretary Sir Geoffrey Howe, U.S. Secretary of State George Shultz said that the two sides were still "a considerable distance apart." Further attempts will be made by medium-level experts in Geneva on Jan. 18 and then at a three-day meeting in Washington starting Jan. 22. There, U.S. Trade Representative William E. Brock

is flanked by team led by EC External Relations and Trade Commissioner Willy de Gucht and Farm Commissioner Frans Andriessen. But last week in EC headquarters in Brussels, de Gucht told aides that he ruled out chances of heading off a trade war as "under 50 per cent." And Karl-Heinz Narjes, a West German EC commissioner, said that the EC should stand firm. He added: "We have never fired the first shot, but this is it for us." The tough European stance could heighten, with disastrous results. Allowing a dispute over a tiny portion of U.S.-EC trade—\$1 billion of \$165 billion in 1985—to blossom into an open trade war carries the risk of prompting the U.S. Congress to enact a series of protectionist legislation. Added Peter Ladlow, head of the Center for European Policy Studies, an EC think-tank, "They've played chicken so long that there is bound to be a crash one day, and this looks like it."

An expanding dispute between the trade giants would have repercussions for Canada because tariffs imposed by the United States or the EC also apply automatically to Canadian products. Said an External Affairs spokesman in Ottawa: "Canada can't help but be affected." Indeed, Canadian farmers lost a market of \$30 million after Spain joined the EC, and Canada will also be affected by further retaliation. And Canada has its own problems with the EC, its second-largest trading partner behind the United States. Last week the federal government was considering a tariff on EC-subsidized Italian pasta. And Canada has been slow to renege a fishing treaty with the EC that expires at the end of 1985. With the entry into the Common Market of Spain, which has the largest fishing fleet in the 12-nation trading bloc, the EC is seeking more fishing rights off the east coast of Canada.

U.S. businessmen prepared for the impending tariff increases. They will triple the price of some products for U.S. consumers. Robert Maxwell, president of the Washington-based National Association of Importers/Exporters, said that "disintegrating trade on gin and brandy drinkers. But he expressed hope that a "last-minute" agreement could be found—much like the solution to the Canada-U.S. softwood lumber dispute announced on Dec. 30. Under the agreement, the U.S. will reduce its—Canada imposed an export tax of 15 per cent and U.S. lumber markets dropped demands for a 27-per-cent tariff. But Shultz warned, "We don't feel we have a lot of flexibility."

—PETER LEWIS in Brussels with LARRY ALVISON in Washington and NANCY GALE in Ottawa

THE UNITED STATES

Crisis of confidence

In Lafayette Park, across from the White House, Ronald Reagan's outspoken communications director, Patric Buchanan, had called for a rally to cheer up the President as he recovered from a colonoscopy and prostate surgery. But the demonstration last week turned out to be a symbol in a way that Buchanan had not intended. Despite his promise of free food, drinks and an "old-fashioned brass band," the halfhearted festival attracted only a few hundred faithful. In fact, the verdict of Reagan's doctors—that the release cancer for which he was treated in 1985 had not spread was one of the few pieces of good news facing the President as he returned to the White House from Maryland's Bethesda Naval Hospital.

As the President convalesced, the Senate Intelligence Committee leaked a memo from Lt. Col. Oliver North, a former member of the National Security Council (NSC), to The Washington Post stating that Reagan had "contrary to his belief and U.S. law" approved the initial arms shipments to Iran in September, 1985. And the newly sworn-in Democratic-controlled Congress threatened Reagan with the prospect of two years of bitter legislative battles, beginning with his recent trillion-dollar budget for the fiscal year 1986, which the White House had just sent to Capitol Hill. It contained recommendations for drastic social and educational cuts, and requests for massive spending increases, including another \$500 million for the Nicaraguan contra rebels. Even Republicans, as one of them said, regarded the budget as "laid on arrival."

Politicians from both parties also vowed to pass a trade bill and reject a free-trade pact, despite Reagan's adamant opposition. Indeed, it became clear that Reagan's diminished popularity had suddenly made him a target no longer feared by his congressional opponents. A Senate vote to fund the Contras after Congress had cut off all but humanitarian aid in 1985. And an embarrassed spokesman for the state department admitted that after it ordered \$99 million from the Sales of Brazil—also deposited the funds in a secret Swiss bank account—the money appeared to have vanished.

Indeed, the scandal shows no signs of subsiding. To add to the independent counsel and special Senate committee already set up to investigate it, last week the new House Intelligence Committee also voted to establish its own investigative committee. Its terms,

covering arms-sale profits to fund the Contras, had, in fact, originated with Israel.

Before the release of the North memo, Democrats on the Senate Intelligence committee revealed that White House lawyers had passed notes to a draft report on the arms scandal and persuaded committee staff members to delete at least two times out of consideration for foreign policy. One item reportedly detailed an Israeli briefing



Reagan and wife leaving hospital; a healthy President but an ailing presidency

last July for Vice-President George Bush on the arms sale, as well as a letter from then-Iranian press secretary Shimon Peres urging Reagan not to abandon his commitment to Iran in order to win release of American hostages.

Meanwhile, other revelations continued to enrage the White House. The Los Angeles Times reported that North had kept as much as \$1 million in cash in its office safe to fund the Contras after Congress had cut off all but humanitarian aid in 1985. And an embarrassed spokesman for the state department admitted that after it ordered \$99 million from the Sales of Brazil—also deposited the funds in a secret Swiss bank account—the money appeared to have vanished.

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which do not require it to report before Oct. 30, mean that the Democrats are likely to keep the issue alive for most of the coming year.

As well, Reagan received more bad news from Central America last week. The Organization of American States (OAS), as well as Guatemala and Costa Rica, offered tentative proposals for new peace negotiations with Nicaragua—a move the White House opposed last year when the overboarded Central treaty process barely revived. In response, the U.S. ambassador to the OAS, Richard McCormack, publicly chastised the organization's secretary general for not having warned Wash-

ington of the new initiative. The upbraiding came as three U.S. warships, including the battleship Iowa, arrived off the east coast of Nicaragua for military exercises.

For the remaining two years of his presidency, the outlook for Reagan in Congress appears bleak. Democrats last week ousted Democratic Representative Lou Aspin of Wisconsin—who has consistently voted to support the Pentagon's military buildup—as chairman of the armed services committee that the Democrats renewed their harshest words for Reagan's \$1.03-trillion budget, vowing to force him into tax increases to pare down the nation's mushrooming deficit. Indeed, as the battle shaped up, it became clear that Reagan would need the considerable energy and good cheer he displayed for the cameras after his surgery if he is to survive the political knives now swirling his campaign.

—MARTI MC DONALD in Washington



Soviet troops, Shernardzade (below): a surprise visit and a unilateral ceasefire

AFGHANISTAN

Strategy for peace

For nearly nine years Afghan Moslem guerrillas and the Communist government in Kabul have been locked in a bloody war of attrition. Despite the support of 116,000 Soviet troops since 1979, the Afghan army has been unable to

defeat the rebels, known as the Mujahideen, from their mountain strongholds. Since 1982 sporadic efforts to resolve the costly conflict through intermediaries have ended in failure. Paired with a strategic stalemate, in recent months Soviet jets and helicopters have been carrying out a policy of "saturation" warfare to destroy the country's agricultural infrastructure.

But last week a personal visit to Kabul by Soviet Foreign Minister Eduard Shevardnadze and Soviet policy adviser Anatoly Dobrynin seemed to herald a political settlement—not a quick withdrawal of Soviet troops—finally might be within reach.

The surprise Soviet visit—just four days after Kabul announced a unilateral no-war ceasefire beginning on Aug. 16—bore the unmistakable insignia of Soviet leader Mikhail Gorbachev. It was a dramatic gesture

that left observers debating what Gorbachev's intentions were. In Kabul, Shevardnadze praised the ceasefire—issued at evening in atmosphere for reconciliation talks leading to the formation of a coalition government—as "stable and durable." But some observers were clearly skeptical.

"The Russians are well aware that the ceasefire won't hold," said a Western expert in Moscow. "They are testing the waters to see how the moderate elements in the opposition react."

The initial reaction of guerrilla leaders to the new peace overture was unenthusiastic. Just hours after Kabul's ceasefire announcement on New Year's Day, an alliance of seven rebel groups rejected the proposal as a sham. But last week the chairman of the alliance, Mohammad Naim Mohammadi, declared that, although the Mujahideen "cannot trust the Soviet people in Kabul," they were prepared to "negotiate directly" with Moscow.

Still, the presence of Soviet soldiers in Afghanistan remains a stumbling block. In informal talks mediated by the United Nations, the Afghan government and Pakistan have discussed the timing of

Soviet troop withdrawal and an end to outside interference in Afghanistan. Pakistan is host to the main Afghan guerrilla bases and nearly three million Afghan refugees. Following the latest Soviet talks in August, the Soviet side reportedly agreed to accept a two-year cease-fire, down from its original proposal of four years. But according to Afghan expert Selig Harrison, a senior associate at the Carnegie Endowment for International Peace, there will be no breakthrough in negotiations until Moscow puts forward a more flexible timetable when peace talks resume in Geneva on Feb. 12.

The Afghan government seems prepared to make concessions to bring peace to the country. Afghan head of state Nizhalbek has pledged to form a government of national unity that could include Mujahideen opposition forces. He also promised to pardon Islam, the majority faith in Afghanistan, the state religion of a new constitution.

But one major obstacle remains. The Afghan leader has declared that the country's "revolutionary process" is irreversible, a reference to the 1978 Communist takeover in Kabul. That condition could prove unacceptable to the United States, the rebel principal backers. In Washington last week, state department spokesman Charles Robinson said that any peace agreement must include the General Assembly's resolution calling for the restoration of an independent, nonaligned Afghanistan and self-determination for the Afghan people. As well, there must be guarantees for the safe return of about two million Afghan refugees in Pakistan and Iran.

In Kabul last week, Shevardnadze expressed optimism, saying that the removal of Soviet troops "is not far off." According to news Western agencies, Moscow is anxious to "ending its costly military involvement in Afghanistan. But others said that the new Afghan initiative is merely a public relations exercise aimed at strengthening Khabib's hand before Soviet elections next month. "Hopes and expectations are being raised that the Soviet Union is more sincere about its plans than before," said a European diplomat in Moscow. "But it remains to be seen at Geneva if anything will result."

—ANDREW HARRIS with
CORRECTIONS SECTION in Moscow

SOVIET UNION

The struggle to settle

The scene at Moscow's Sheremetyevo Airport on Dec. 29 was highly unusual. Soviet officials warmly greeted 50 former emigrants on their return from New York. And they encouraged the disaffected Soviet returnees—many of them Jews—to speak openly about their feelings of homesickness about the problems of drugs and crime in the United States.

But although the airport joyfully received a highly publicized welcome home, thousands of Jews wanting to emigrate continued their struggle to leave Soviet land last week. Mikhail Fuz-Rabinovich, a 40-year-old mathematician who has been trying for eight years to get permission to take his wife and son to Israel, completed the 38-day hunger strike he had undertaken to draw attention to his case.

Said Fuz-Rabinovich about the returning emigrants: "Life in the West can be hard. Maybe they didn't understand that when they left."

Fuz-Rabinovich is one of an estimated 50,000 returnees—Soviet who have been refused exit visas—within the Soviet Union. Despite a recent string of high-profile departures, including those of physicist David Golikoff, dissident Yuri Orlov and Ilan Pliavsky, who went to Israel to give his brother a bone-marrow donation, most Soviets are finding it even more difficult to leave the country. Last week authorities imposed strict new exit regulations that may further restrict Jewish emigration. It peaked at 55,000 in 1979 and declined to almost a trickle of 343 people last year. "They open and close the doors depending on their relations with the West," said Martin Pines, director of the Canadian Committee for Soviet Jewry, a section of the Montreal-based Canadian Jewish Congress.

"At the end of 1979 they issued Afghanistan and relations cooled considerably."

Like most of the returnees among the two million Soviet Jews, Fuz-Rabinovich has all but lost hope for a

new life in Israel. As of Dec. 1, their seeking exit visas must produce an invitation to live abroad from an immediate family member—husband, wife, father, mother, brother or sister in

the past, Soviet rule apply to be reunited with more distant relatives, including cousins or grandparents. Fuz-Rabinovich has only an uncle living outside the Soviet Union. Having com-



Emigrants leaving New York; Fuz-Rabinovich (below): 'We can go now'

plete, Soviet rule apply to be reunited with more distant relatives, including cousins or grandparents. Fuz-Rabinovich has only an uncle living outside the Soviet Union. Having com-



—COURTESY HEBREW in Moscow

plete the hunger strike, he is uncertain what action to take next. "I don't want to die," he said. "But I don't think things will change."

There have been widespread reactions about the possible effects of the new emigration guidelines. Anatoly Shchegolev, the Soviet dissident freed last February in an East-West exchange, claims that the new regulations will make emigration more difficult. But other critics see the changes as both an attempt to streamline the emigration process and to allow by Soviet leader Mikhail Gorbachev to defuse criticism of human rights policies by indicating that Soviets will be permitted to leave. Some Western diplomats have suggested that the new rules could herald a more flexible position on emigration by stating a policy that would apply to any applicant.

Until recently it was almost as difficult for emigrants to return to the Soviet Union as it was to get out in the first place. Since last October, when the Soviet Union announced a new open-door policy for those seeking to return, about 1,000 have applied at the Soviet Embassy in Washington. The first group to return to-

more, some included people who stayed at the Aeroflot flight from New York after nine years away. Rabson Katap declared, "This is my homeland."

But the list of those who want to leave grows by the day. On Jan. 8, Moscow mathematician Alexander Ilev began a hunger strike to push for exit visas for his 23-year-old son, Dmitry, and his wife and young daughter. And Serfing Yevgeny, who lost his job as an Aeroflot navigator when he applied for a visa in 1976, remained in a Moscow mental hospital despite the protest of physician Andrei Sakharov, who said that the man was "completely sane." Looking forward, emigrants after his first, Fuz-Rabinovich held out little hope for the returnees. "My forecast is that during the next months they will choose a small group of returnees under the new rules and remain there," he said. "Then they will say the rest don't count."

—COURTESY HEBREW in Moscow

Khashoggi's connections

He is reportedly the richest man in the world. Adnan Khashoggi, the Saudi arms dealer and international businessman, owns corporations and jet aircraft, Salt Lake City and a business empire that spans five continents. But at least on some fronts, the billionaire is now in retreat. He has been implicated in the Iranian arms scandal, and a combination of unpaid bills, loan problems and lawsuits have left Triad America Corp., his U.S. holding company, an distressed. Khashoggi's fortunes now appear to be closely tied to the Vancouver Stock Exchange (VSE) and to the mysterious Donald W. Fraser, 44, an accountant from Toronto whom he hired to remove his North American empire. But the seemingly unshakable Khashoggi is now questioning an acquisition, financed by a VSE-linked company, Vast Exploration Inc., of which he is listed as chairman, to find King Solomon's hidden gold mines. Last week, while lawyers battled over Triad's assets, there were rumors that the indefatigable Saudi was in his Manhattan penthouse entertaining potential investors in his search for the legendary treasure.

Khashoggi named Fraser president and chief executive officer of Salt Lake City-based Triad in March 1986. The newly installed executive moved quickly to start Triad's losses by selling company assets and cutting staff. He also encouraged Khashoggi to invest in a company based on the VSE, Skyhigh Resources Ltd., which was managed by a close Fraser associate, Ronald Philp. Khashoggi was named chairman of Skyhigh last fall, and the company subsequently announced that it planned to purchase Long Beach, Calif.-based Edgington Oil Company

Inc., a Triad subsidiary.

In the meantime, Skyhigh's stock skyrocketed to \$18.25 on Dec. 11 from a low of 68 cents in March, 1986. But on that day the wild ride stopped suddenly. A Triad creditor, Sheraton Corp., had contested the proposed Edgington deal in U.S. district court in Salt Lake City, and the stock had tumbled in Skyhigh at the request of the company. Last week Skyhigh, blaming negative publicity surrounding Khashoggi's and Fraser's alleged involvement in the Iranian arms deal, announced that the Edgington proposal had collapsed, and that a new takeover proposal was in the works. The exchange quickly lifted the ban, and the stock was to resume trading this week.

But Khashoggi was also baffled again by the VSE when it banned trading in Vast shares until the company provided more information on its King Solomon's mines venture in Mali, West Africa. A press release issued by Vast said "Gold may be the only commodity with any real value within the next few years. It

has long been known that perhaps the last great gold reserves are in the country of Mali in West Africa. It has been speculated that these are in fact the legendary King Solomon's mines. Vast shares were listed on Nov. 20 at 35 cents a share and climbed to \$3.50 a share by the time trading was halted on the rise on Jan. 6.

Attention focused on Khashoggi's business relations with Fraser but much, after the Iranian arms scandal erupted in Washington. At the time, it was reported that Fraser and another Canadian businessman, Toronto-based real estate dealer Robert Miller, had made arrangements for Khashoggi to borrow \$70 million from a Cayman Islands bank. But there are other links between the Saudi and Fraser. Both were key players in a deal that resulted in a sharp rise in the price of shares in a joint company listed on the VSE, Tangent Oil and Gas, in late November.

Last week Fraser, who has arched contact with the news media since the arms scandal broke, spoke to *McGraw-Hill* from his home on Grand Cayman Island about his involvement with Tangent. Fraser said that he was approached in mid-1985 by New



Country (left) and Khashoggi, Sheraton Hotel in Salt Lake City (below): a disclosure in retreat

York businessman Gregory Brown, who was trying to raise money for Johnson Gypsum (USA) Ltd., a company that had an ambitious plan to launch a communications satellite to serve the Pacific Rim. Fraser directed Brown to Canadian Investment Corp., a leading Vancouver brokerage house, which suggested that Tangent, a small energy firm with a 19% listing, could be used to finance the satellite's launch. Fraser quickly put together a group of investors, and they purchased \$5.7 million worth of Tangent shares to finance the company's operations. Tangent shares, which had been trading at 10 cents early in 1986, soared to \$22.12 by late November. But on Dec. 11 the exchange briefly halted trading in Tangent, pending an announcement on the satellite deal, and the shares were trading at \$6.50 last week.

Khashoggi, the son of a physician who served the Saudi royal family, built his fortune as a middleman in arms deals. He launched his career as an arms broker during the early 1960s, while attending Stanford University in California. His fortunes soared in the 1970s, when oil-rich Middle East countries began using their mounting petrodollars to build up their armed forces. He also used his connections with the Saudi royal family to become an agent for U.S.

arms manufacturers, and by the early 1970s charged millions of dollars in commissions on a single transaction. Khashoggi then began diversifying, but the details of his interests, involving some \$50 companies around the world, are secret.

Still, his ostentatious lifestyle has frequently put him in the limelight. For his 50th birthday in July, 1985, Khashoggi entertained 600 guests, including Brooks Shields and Sean Connery, at his villa in Marbella, Spain. He owns three jet aircraft, owns a 100-ft capsule of sleeping 14 people. In October, 1985, Khashoggi spent three days in Toronto. He and his entourage occupied 24 rooms at the downtown King Edward Hotel while they got to know influential Canadians, including former prime minister Pierre Trudeau. Khashoggi had Arba attended one dinner for Khashoggi, while former Ontario premier Frank Miller, then minister of industry and trade, hosted another.

But the Khashoggi legend and his reputation as the world's richest man have been damaged by the financial and legal problems of Triad America. Court documents filed in Salt Lake City reveal that the company last nearly \$5.1 million in the nine months ended September, 1986. The latest financial figures available for Sheraton Corp., one of the creditors

currently suing Triad, claims that it is still owed \$3.7 million following the sale of its Salt Lake City Hotel to Triad. Triad's assistant secretary, Arthur Miller, testified that the corporation now faces claims totaling \$9.3 million from 300 creditors. Secured creditors have lost the company \$4.1 million.

Sheraton was worried about the Edgington deal for another reason. Khashoggi had pledged Edgington as the collateral on the loan he received from Fraser. However, last September Triad repaid and loan extension agreements with another creditor, First Security Bank of Utah, and pledged its security 25 per cent of Triad Energy Corp., the parent company of Edgington.

Triad is also entangled in litigation with other creditors. Travelers Companies of Hartford, Conn., the largest single creditor, lent \$54.3 million to four different Triad subsidiaries and has launched four loan suits to collect. Last fall Travelers and Triad negotiated debt agreements under which the suits would be dropped. An outstanding interest was paid either by Jan. 31, 1987, or two weeks after the Edgington sale. Yet another suit was launched in March, 1986, by The First National Bank of Boston over \$22,000 owing as a loan of \$5 million.

Desperate for a trouble-shooter who could turn the company around, Khashoggi hired Fraser in 1986. But the Canadian accountant was eager to see the arms dealer's business empire flourish, and why he was hired to solve Triad's problems. "It's just my reputation with other people," he said. "I've met [Khashoggi] on several occasions. I've met him at public functions. I've met him in business. But Fraser explicitly decided that he was going to be involved with Khashoggi, in supplying assets to Iran and said that he was in Toronto on Dec. 19 to say so in a statement to the RCMP's national criminal intelligence unit.

Still, Fraser did not deny having close links to Khashoggi. Fraser told



McMahon's that he lost Khashoggi \$12.5 million through his Cayman-based Euro Commercial Partners, one of his holding companies.

Now, Fraser's strategy for saving Triad appears to be dependent on the eventual sale of Edgington 06 to Skyhigh Resources. Triad's officer testified last month in Salt Lake City that the Edgington deal was essential if Triad is to pay off its debt and continue operating. Edgington is a refinery and marketer of asphalt products and one of Triad's only profitable subsidiaries in 1995. Under the terms of the now-scuttled deal, Skyhigh proposed to pay a total of \$128 million for Edgington, including \$48 million cash, 20 million Skyhigh shares and \$60 million in debentures.

But the financial promises as Triad are considerable. In one instance, Sheraton Corp., which sold its Salt Lake City hotel to Triad in April, 1995, is now suing for \$13.7 million over a loan default. Sheraton obtained a temporary order in December blocking the Edgington sale and is expected to apply for a permanent injunction later this month. Sheraton argued that Edgington was being sold "for less than fair consideration to a foreign-controlled corporation that is substantially owned and controlled by the principals of Triad"—in other words, that Edgington's owners were trying to move their asset out of the reach of creditors. The hotel company also argued that disposing of Edgington would leave Triad bankrupt. But Triad energy president Tariq Kadri has testified that First Eastern Corp., an investment banking firm, was retained last June to represent Edgington and selected Skyhigh over the other contenders.

Despite Triad's myriad problems, the Khashoggi race has not lost its magic. Just the mention of his involvement with a well-timed bid seems to send share prices soaring. And Fraser said that he has become extremely keen through his association with the Saudi billionaires. "We do see an awful lot of deals," he told McMahon's "because people want to do business with the richest guys in the world." The latest Canadian venture to become associated with Khashoggi is Vudti, a previously obscure junior resource firm. The Vudti press release says that the Solomon mines are "very large," with "immense gold, diamond and other precious metal and absolutely enormous potential." But Khashoggi may have found mining the small resource companies better in the Vancouver Stock Exchange to be nearly as lucrative as Solomon's failed mines.



Lewis (left) and Ghemman: a drive to duplicate West Edmonton Mall

On time in Bloomington

The deadline was Jan. 2, and Ed-mo's Ghemman brothers delivered it that day. Bloomington Port Authority officials confirmed that the Ghemmans, who own the 680-acre West Edmonton Mall, could raise the money to build their giant mall in the Minnesota city. The project, a five-million-square-foot, \$200-million Fashion Mall of America and Pantaloon, matching West Edmonton Mall in size. The city also received a \$2.5-million charge, in return for the land on which the mall will be built. "I am obviously pleased to have twice as much of the Ghemman money as before," said Bloomington mayor James Lewis. "It gives me the assurance that we are on track."

The Jan. 2 closing was an important milestone for the Iranian-born Ghemman brothers—Rakander, Raphael, Nader and Bahman—who launched a drive to duplicate their Edmonton mall in Bloomington. In July, 1993 (McMahon's Dec. 22, 1994). The six-year-old West Edmonton Mall, the world's biggest shopping centre, also contains five million square feet of retailing and entertainment space. If the Ghemmans can successfully repeat the format elsewhere, industry experts say, they could become the ruling edge that reconfigures retail marketing.

The Bloomington deal was also crucial because it showed that the Ghemmans are capable of raising development funds that may allow them to repeat the success elsewhere. Although the final details are not set, the

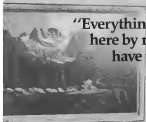
Fashion Mall of America is expected to contain 800 to 1,000 stores, with 700,000 square feet devoted to entertainment. The stores will be laid out in a figure-8 pattern, with amusement areas built inside the loops.

Lewis said he made sure that the brothers' development firm, Triple Five Corp. Ltd. of Edmonton, was in solid financial shape before agreeing to release the mall site. During the negotiations, Bloomington officials and an independent auditor examined the firm's financial records and spoke with the bankers proposing to bank the project. For their part, to lure the brothers, Bloomington put together \$50 million in concessions to service the mall and provide parking facilities.

While making its plans to build in Bloomington, the Ghemmans also proposed similar malls in Mississippi, Ont., and Niagara Falls, N.Y. Last fall New York state welcomed the brothers with \$200 million in concessions, while the Ontario government serviced the brothers' demands for \$200 million in allowances that they wanted before they would build in the province. At the same time, a group of major Ontario developers lobbied against any concessions to the Ghemmans. They were alarmed that the Ghemmans appeared to be concentrating on the Fashion Mall of America. But the indefatigable Ghemmans may still build another megamall in Canada.

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Battle to control a retail institution



Alfred J. Billes: runner of a feud in the family and a threat to Canadian Tire shareholders

The divisions will have far-reaching implications for one of Canada's oldest retail institutions—and for shareholders across the country. After nine days of hearings, a six-member panel of the Ontario and Quebec securities commissions was expected to decide this week on a control issue in a controversial battle for ownership of Canadian Tire Corp. Ltd. (CFC). For six weeks a struggle for control of the Toronto-based home hardware and automotive goods chain has been waged among the company's 361 store owner/dealers, the founding Billes family and CFC's controlling shareholders. The restructuring Billes family agreed to sell its 41 per cent of the company's voting shares to the company's 361 independent owner/dealers. But more than half a million Canadian investors who hold non-voting shares in CFC, and whose investments account for 36 per cent of the company's equity, were excluded from the proposed deal. Bud Flaherty, chairman, president of investment counsel firm Jansinsky Fraser & Co. Ltd. in Montreal. "Many Canadians are being cheated by this offer."

A provision in CFC's corporate by-laws known as a restricted clause that if a takeover bidder is successful in securing a majority of the common, or voting shares, then the other shares

become voting shares and are entitled to the same financial benefits. Indeed, industry analysts testified that investors were attracted to the non-voting shares in part because of that provision. Last month the Billeses accepted an offer from the independent dealers of \$160 for each of their 21 million common shares. But the dealers did not make a similar offer to the non-voting shareholders. As a result, thousands of non-voting shareholders raised a storm of protest.

In the ensuing investigations in Toronto, some members of the investment community testified that if the CFC dealers' bid was approved, it would encourage takeover bidders to identify potential companies in other company bylaws. More important, industry observers argued that non-voting shares as a whole may become less attractive to investors. And companies could have trouble raising capital through share issues in the future.

The 64-year-old, family-controlled business has long been considered an attractive takeover target. One of Canada's best-known and most profitable retail chains, CFC worked off a \$1.1-billion takeover bid by tobacco and retail giant, Imperial Ltd. of Montreal in 1982. The three children—Alfred, David and Marika—of company co-founder Alfred J. Billes took over oper-

ations of the company in 1968 and assumed control in 1983. Subsequent rumors of a split among family members forced operations last September, but September, the 30-billion enterprise was passed to change ownership. One month later Alfred and David Billes announced that they would sell their controlling interest to a viable bidder, followed by Marika, who offered her 20-per cent interest last month. On Dec. 1 the company's independent owner/dealers made a bid to purchase 46 per cent of CFC's common voting shares for \$275 million. The dealers, who operate CFC's 628 outlets across Canada, argued that because they were not seeking to purchase a majority, the coalition provision—designed to force vote effect in takeover situations—did not apply. But the dealers already own 17.4 per cent of the company's common voting shares. If the commission investigators approved the new bid, the dealers would control 64 per cent of the retail giant.

The securities investigators will affect all Canadian investors who own CFC non-voting shares, including thousands who own shares indirectly through pension investment funds. Jansinsky, an investment dealer whose client is assumed for \$25 million of the \$4.4 million non-voting shares, expressed concern about the dealers' bid. Bud Jansinsky: "If I have to vote on whether I'm going to lose every time I buy non-voting shares, then I just won't buy them."

For his part, Alfred J. Billes, who headed his 30-year-old empire, one to his three children more than 25 years ago, has opposed any move that would take control out of family hands. "My children have excluded me completely," the 80-year-old patriarch told *Maclean's* last week. "I pray to God they come to their senses." The securities investigators' decision could determine which generation's view will prevail, or, if the dealers offer is rejected, leave the company's future vulnerable to an outside takeover.

—THERESA TOROCCO in Toronto

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—THERESA TOROCCO in Toronto

BUSINESS WATCH

Newfound riches for National Sea

By Peter C. Newman

This spring National Sea Products of Halifax will realize that six profits in 1986 amounted to \$20 million after taxes—a 300-per-cent jump from last year. The anticipation of such a quantum leap has already pushed the company's stock to the equivalent of \$43 from a low of \$14.50 two years ago.

Still, the actual results will top even the most optimistic predictions, with sales exceeding \$300 million, a healthy 12 per cent ahead of last year, which was the company's great turnaround. National Sea is continuing to pour money into new equipment. Capital expenditures in 1986 were \$40 million and are budgeted at \$45 million or more for 1987—much of it to build a growd fish freezing plant at Lunenburg in Cape Breton.

The company has been modernizing its fishing fleet which, at 50 boats with a catching capacity of 280,000 tons, is among the fleet world's largest. The conversions from trawls to hook-and-line vessels to containers is not so much to increase their capacity as to reduce the amount of handling required. Sandy Roche, a former Newfoundland deputy minister of development who is now the company's chief of operations, told me: "Now, once the fish comes out of the water, it goes into plastic containers and is not handled again until it's processed down the line in our plants. That's important, because most fish are expensive. From the day you kill a fish, you're trying to get it to market, with fish, you're trying to keep it as fresh as possible, because by nature it tends to be brittle and break apart, which would not look good on a plate. That's the big bug."

The company has also pioneered the use of Canada's first factory ship (all in the end of what Roche calls "better plant coverage"), which cuts the handling of the fish by one more step because they are processed almost as soon as they are caught.

National Sea was founded nearly by accident to market four new frozen fish catches in the United States and will continue to introduce new seafood products during 1987. Its children suggest, strips and burgers, and under the right-hand name, already have captured 32 per cent of the Canadian market for frozen chicken.

National Sea president Gordon Cummings, a former management consul-

tant with Woods, Gordon in Toronto, is the mastermind behind the company's remarkable recovery, having been brought in to advise on its fate three years ago. At the time, National Sea was at the bottom of a long, declining cycle. More than \$40 million was lost in 1983 and 1984, and the market looked so desperate that Ottawa was taking nationalization as the only way to keep the essential Maritime industry alive.

At the same time, the Bank of Nova-



Cummings: people want to be thinner

Scotia was threatening to pull its \$75-million loan. Then a rescue train led by David Hume, representing the Halifax family, pumped in \$20 million and the Toronto-Dominion Bank took up most of the Nova Scotia's debt load, though that bank still owns 14 per cent of the equity. The Hume family barely joined the effort, and, through a complicated arrangement, the Sobey and Jolliffe interests together control 45 per cent. Ottawa is in for a residual 35 per cent, and an-

other 28 per cent or so is publicly held.

The rescue package patently saved \$20 million into the nationalized company, which has a board of directors that reads like a rollcall of the Maritime Establishment as well as Don Sobey and Hume, it includes K.V. Cox, the head of Nova Brunswick Telephone, F.J. T. Hume, a former minister of the province, Harold Jolliffe, and W.O. Marner, representing the family that once owned the company and retains 180,000 shares.

While Cummings is obviously bullish about the company's recovery, he is becoming increasingly concerned that Ottawa may not be able to negotiate the kind of comprehensive free trade agreement he believes would be good for the industry. If that ever did happen, he can foresee doing much more fish processing on this side of the border and being able to create at least 400 new jobs. "We're still very much in favor of such an agreement, and I must say that Ottawa, particularly Trade Minister Pat Carney, has been listening to our point of view," he told me. "But I am no longer sure we are going to get the kind of comprehensive agreement that must include such important items as controlling duties."

Cummings' domestic sales strategy is simple: he says that per capita fish consumption in the United States, the company's fastest growing market, is rising so fast that it went up last year as much as during the previous three years. And Canadian fish consumption is 25 per cent higher than in the United States (28.1 per cent capita a year here and about 14.1 in the United States). A recent issue of *The Evening Star* noted that the industry's bulk, because the world's worst seafood shortage crisis is the coming years, "newspapers and magazines will have major effects at all industry levels well into 1987."

Despite such talk, the Canadian industry is far from rich. There are something like 126 foreign-dug trawlers and factory ships operating off the Atlantic coast, both made and owned by foreign firms, many dragging the ocean with giant nets to sweep up to 1,600 feet deep. But Gordon Cummings, the president general of the Canadian fishing industry, isn't worried. "Our sales prospects for fish are no longer in question," he insists. "We're based on a fact but a real need, the fact that people want to be thinner and healthier."



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NETWORKING

An offer she says, she should not refuse has prompted Linda Maclean to leave Canada and her job as cohost of *Canada A.M.*, CTV's morning current affairs show. Maclean, who will be the news anchor at Chicago's WGN TV starting on March 8, declined to disclose her new salary, saying only that it is "generous." She added that she is leaving with "some trepidation—north of the border, it's a different ball game with higher stakes." Still, the 33-year-old broadcaster, who for two years woke up at 3 a.m. to cohost *Canada A.M.*, says that she is looking forward to normal working hours. "I'm trading in the out in my office," she says, "for a social life."

Canadian national tennis champion **Carling Bassett** says that she hopes to finally fulfill her potential in 1987, her fifth year as a professional. "Last year was very trying—mentally and physically," said Bassett, 23, referring to the death of her father, **John F. Bassett**, and to injuries that kept her off the courts for much of the autumn. "I just badly want to get back on tour," Bassett and her father, known as "Bubby," were in love because I have a lot of things to prove to myself."



Bassett: "Things to prove to myself"



Ann-Margret, Prince Edward (below): "range of emotions"

Florida to Australia and the first major tournament of the year, the \$4.5-million *Australian Open* which starts on Jan. 18. Declared Bassett: "I'm real keen to play because I have a lot of things to prove to myself."

Singer and actor **Frank Stallone**, who also wrote the popular theme music for his brother **Sylvester Stallone's** movie *Rocky*, spent last week in Toronto, recording an album with a different sound. The 30-year-old performer says that his new musical interest is owing. On hand for the recording sessions were 39 top musicians, including Toronto jazzman **Mike Koffman** and guitarist **Ed Eckert**. When Stallone thanked the musicians at the end of their two-day session, they broke into applause. Said Stallone: "I know the musicians were going to be great, but the music was so good, at times I'd forget what I was singing."



Fans of twenty television miniseries about greed and ambition in high society can look forward to seeing **Ann-Margret** in *The Two Mrs. Grenville*, which Global TV plans to air on Feb. 8 and 9. In the postwar, based on a true story, Ann-Margret plays a woman who marries into a rich family, accidentally kills her husband and ends up a better drug and alcohol addict. Said series director **John Evans**: "The part needed her glamorous qualities, plus a wide range of emotions." Now the 45-year-old actress says that she is taking a yearlong break. "I will do constantly," she said. "I will do all year."

Vancouver's **Sandy Wilson**, who wrote and directed the *Genie* Award-winning movie *My American Cousin* recently made her TV debut. She is the director of a half hour sitcom, made in Vancouver for the CTV's B.C. regional network and starring American actress **Candice Bergen**. The U.S. 100 network, which coproduced the program, plans to air it this fall. Wilson, 22, who directed a cult of relative unknowns in *My American Cousin* says that working with a star was a lot of fun. Added Wilson: "Candice has a great sense of humor. One day she went jogging around Stanley Park and was late for an appointment. She thought it funny that when she tried to hitch a ride from a garbage truck, the guy wouldn't pick her up."

After four months of grueling training, **Prince Edward** is considering leaving Britain's Royal Marines, one of the toughest military organizations in the world. Edward, 22, and fifth in line to the throne, is expected to decide this week whether to return to his usual life. The prince's second thoughts about the rigorous reportedly angered his father, **Ranica Philip, Bernard Workman** of the *Daily Express* says that he can understand why Edward wants out. Workman once joined the marines for a three-day assignment and remembers: "We had to climb a 30-ft rope, swing by our arms over freezing water, stay suspended in a pipe, complete a three-mile endurance course carrying 50 lb. of equipment and sleep outside in sub-zero weather." Added Workman: "Edward is more the artistic type. Prince Philip is the type who enjoys anything that moves."

—Eileen S. YOUNG FOR

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High water and rising fear

Ernest Chapman saw the storm warnings cross his TV screen while he watched an aftereffect football game last Nov. 5. Outside his cottage 50 km west of the Ontario resort town of Wausan Beach on Georgian Bay, the water was quiet. But by 9 p.m. a vicious storm had set in and water from the shore was metre deep, was splashing up against the building. By midnight, powerful waves had

Lakes have been swollen from runoff caused by record levels of rain and snow. According to Ralph Macdonald, manager of Environment Canada's Great Lakes Water Level Consultations Centre in Burlington, Ont., precipitation in 1985 was 25 per cent above average—46 inches compared to 32 inches. As a result, that year erosion and flooding along the Canadian and U.S. shorelines caused an esti-



Chapman: record levels in the Great Lakes causing flooding, erosion and property destruction

During the past two months three of the five Great Lakes—Michigan, Huron and Erie—have recorded their highest levels since scientists began keeping records in 1850. Experts predict that Lake Ontario will set new levels within the next six months, and Lake Superior is close to record levels. Currently, the overall water level in the lakes is two to three feet higher than average, causing massive erosion, flooding and property destruction during storms. In Chicago, during a violent December storm on Lake Michigan, waves splashed up to the fifth floor of waterfront condominiums on the city's north side. And most experts say that they are unable to predict when—or if—the high levels are likely to drop. Declared David Chase, secretary of the International Joint Commission in Ottawa, an advisory body to the U.S. and Canadian governments: "We don't know how high is high. Maybe the water levels over the past 100 years have been low and now we can expect higher levels."

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lakes have been swollen from runoff caused by record levels of rain and snow. According to Ralph Macdonald, manager of Environment Canada's Great Lakes Water Level Consultations Centre in Burlington, Ont., precipitation in 1985 was 25 per cent above average—46 inches compared to 32 inches. As a result, that year erosion and flooding along the Canadian and U.S. shorelines caused an esti-

mated \$169 million damage. According to Michael Davidson, research director for the Center for the Great Lakes in Chicago, a private, nonprofit policy institute, even with a major drought it would take at least five years for the lakes to recede to lower levels.

Some associations of property owners, including the Port Colborne, Ontario-based Canadian Coalition for Great Lakes Regulation, a group of 6,500 property owners on Lake Erie, are lobbying the government to take action to lower the water levels. These groups even claim that hydro and navigation companies have vested interests in high water levels in order to generate electric power and earn shipping. They argue that water levels could be lowered by dredging the Niagara and St. Lawrence rivers and halting water diversions by Ontario

Hydro into Lake Superior.

But most experts say that any attempts at artificial regulation of water levels would have little immediate impact. Government Canada's Macdonald said that using existing technology would result in a drop of three inches at most—and only in about three years' time. For their part, governments are providing threatened communities with economic and technical assistance to repair and prevent further damage. The best way to minimize future property damage, most experts say, is to halt any further building close to shorelines—particularly in threatened areas.

For now, lakefront residents are lag-

ing sandbags and building retaining walls and jetties to try and save their disappearing property. But this winter's storms have already caused massive destruction. Russ Bruce Shantz, who lives near Wausan, Ont., a town on the northwest shore of Lake Erie. "Prior to the flooding season the lake was as wild as we've ever had it. It did a lot of damage—it just walked through people's houses." And at Wausan Beach, near Ernest Chapman's cottage, Steven Walter Borwick insisted that new reports that the mud has disappeared are exaggerated. Borwick admitted that the beach is not as wide as it was. But, grasping a larger hope, he added, "We have more fresh, clean water than ever before."

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Bids in a jumbo gamble

Forecasters of the future of air transportation are filled with visions of technological marvels—among them the much publicized aerospace plane, currently under development in both Britain and the United States, which would fly passengers across the Atlantic in 30 minutes. Some observers have speculated that such a craft could be airborne by the mid-1990s. But for now most airlines and manufacturers have far more realistic plans. That was made clear last month when St. Louis-based McDonnell Douglas Corp. announced plans to go ahead with its MD-11 jumbo jet to replace the 15-year-old DC-10. At the same time, Europe's Airbus Industrie is trying to arrange production of its own long-range jumbo jet, the A-340. The designs incorporate technological innovations, but neither is radically different from the current jumbos. Said David Lammont, of the Lawrence-based magazine *Flight International*: "The year 2000 will be the age of the no-existence worldwide airliner—like today's, only better."

McDonnell Douglas spokesman David Rostons described the new MD-11 as "a derivative, modification and upgrade" of the DC-10. Still, the design has proved attractive to airlines; the company disclosed to go ahead with production after gathering 53 firm orders valued at \$7

The aircraft industry is preparing for an intense dogfight as airlines re-tire the first generation of large passenger jets

billion and 40 more options to buy the new plane. According to Rostons, the MD-11 will have engines with increased fuel efficiency and better cockpit instruments and ergonomics than its predecessor. Like the DC-10, the MD-11 will have three engines but will carry more than 300 passengers, depending on its seating configuration. Because the redesigned cockpit and flight deck allow for

the streamlining of a flight engineer, the plane can be flown by a two-person crew. But the plane's critical advantage will be its maximum range of 59,706 km—2,487 km more than the DC-10. The extra range will make the MD-11 useful for long routes on which there is insufficient demand to justify using a 600-passenger Boeing 747.

Airbus Industrie, based in Toulouse, France, is aiming its planned A-340 at the same increasingly lucrative market. But the company, which is owned jointly by public and private organizations in France, Britain, West Germany and Spain, has not secured the financing necessary to go ahead with production. France and Germany have said they will spend more than \$1.6 billion each on developing the A-340 and a sister ship, the medium-range A-330. But Prime Minister Margaret Thatcher has not committed Britain's £1-billion share, probably because the A-340 has yet to receive any firm orders. The company will decide by the end of March whether to go ahead with production.

Still, Airbus officials said that they are confident the company will eventually be able to sell 800 A-330s and A-330s—double the number that analysts say they must sell in order to break even. The proposed jumbo's most advanced features are super-hot engines, propeller/jet hybrids expected to be 12



Prototype MD-11 cockpit. 52 orders and a head start on Europe's Airbus A-340

per cent more economical than current engines, and innovative variable camber wings—with flaps that shift constantly in flight, adjusting to changing air conditions to provide a smoother, safer flight. The A-340 would be the first

plane ever to use that technology.

Instead of a traditional control column mounted between the knees of its pilot, the A-340 would feature a repositioned stick the size of a car's gear-shift lever. The stick would carry the

pilot's commands to a computer which would measure the appropriateness of the instructions before activating the moving parts. Like the MD-11, the A-340 will be flown by a two-person crew. Declared Lammont: "The wings and engines are definitely 1990s-type technology, and I believe that for many customers the A-340 is a better choice than the MD-11."

But the 10 expenditures that have allowed MD-11s to appear to be more interesting in fast delivery—beginning in 1990, compared with 1992 for the A-340—lie in new technology. Analysts are divided on the question of whether there is room for two new planes in the market for long-range jumbos. And for its part, Boeing Co. of Seattle, the world's biggest aircraft maker, has decided not to produce an entirely new plane but rather to develop a new generation of 747s to compete in the long-range market targeted by the MD-11 and A-340. Clearly, the industry is preparing for an intense dogfight as airlines gradually retire the world's first generation of jumbo jets. But for passengers, air travel will remain a familiar experience, and visions of intercontinental space flight will apparently remain grounded until at least the end of this century.

—JOHN BANDER with PETER LEWIS in Paris and WILLIAM LAMMONT in Washington

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Intoxication in Moscow: dubious success in a campaign to control the workers' vice

BEHAVIOR

War on Soviet alcoholism

Every day from Monday to Saturday, in the centre of Moscow, people stand in a block-long line on Prospekt Narva outside a liquor store which is open only from 2 p.m. to 8 p.m. After they have waited for as long as four hours, a police officer allows them to enter the store, where they pay the equivalent of more than \$30—or about a day's wages—for a litre of the cheapest vodka, and it is available that day. Indeed, a year and a half after Soviet leader Mikhail Gorbachev introduced a sweeping crackdown on the use and abuse of alcohol—the U.S.S.R.'s No. 1 social problem—the availability of the warlike vice is far from complete. Said Mikhail Valodin, a maintenance worker in Moscow: "I don't know how they can afford it. But they are still lined up outside the wine shops, waiting for their fix."

Gorbachev announced the legislation in May, 1985, after a large-scale media campaign peddling the Kremlin's new war on alcoholism—the third most common Soviet ailment after

heart disease and cancer. Although the Soviet Union lags behind wine- and beer-drinking nations in per capita alcohol consumption, it has one of the highest rates in the world for hard liquor. Per capita consumption of pure alcohol is an litres annually—taken mainly in vodka. Before the sobriety drive began, alcohol was the largest cause of premature death and a shortened male life expectancy. It was also responsible for most marriage break-ups and the majority of crimes committed. To deal with the problem, the government made drastic cuts in vodka production, reduced the number of stores allowed to sell it—in Moscow by more than 50 per cent—and doubled prices. As well, authorities raised the drinking age to 21 from 18 and introduced stiff penalties for being drunk in public or getting a motor drunk—including the possibility of a labor camp term.

The government's battle against drink has had many casualties. Indeed, more alarming than the liquor-for-al-

cohol or the booming market in home-made—illegally distilled liquor—is the rising use of insane, sometimes deadly, chemical substitutes. Said one middle-class Moscow (Moscow) "People who cannot live without alcohol are finding replacements." According to a recent article in the weekly *Literaturnaya Gazeta*, hard-core alcoholics have turned to cheap perfumes, antiseptics, and even "bed bug and cockroach poison" when vodka was not available. And in September five construction workers died in the town of Volgograd, 1,000 km southeast of Moscow, after consuming ethylene glycol, which is used as antifreeze.

In addition, some claim that the new laws have led to greater repression of religious expression, particularly for the country's more than two million Jews, whose faith requires the ceremonial drinking of wine (On Oct. 30 five Jewish men were arrested at the Shabbat Torah celebration in Moscow, the only occasion on which Jews are allowed to gather outside a synagogue. The five were charged with drunkenness and hooliganism. Still others have felt the pinch as individual freedoms last April waned at the Yezhovskiy rule in the Donets region of Siberia were forced to undergo sobriety tests before being permitted to return home. Said the Moscow Inquirer: "The whole campaign is only it's absolutely Soviet, once again restricting my freedom. I don't want to be told when and what I can drink. If a person is not mature enough to decide for himself when he has had enough, he must be educated."

Official figures show that sales of alcoholic beverages declined 30 per cent during the first year of the anti-drinking campaign, saving the state-planned economy \$6 billion. But the authorities say that they expect the loss in revenue to be more than offset by a predicted 10-per-cent rise in overall productivity once drinking on the job and hangovers are eliminated. Still, in a culture where there has historically been more of a social stigma attached to abstaining than to drinking, the long-term success of the crackdown remains dubious. There have been periodic and unsuccessful attempts at restrictions since the time of the tsars. And while media attention has recently turned to drug abuse, being drunk is still a fact of Soviet life. Said one Moscow maintenance man: "People drink in order to cope with the oppressiveness of everyday life. Economic conditions are difficult, and, besides, freedom of expression and thought, people look for another outlet—vodka."

—NANCY MORRIS with JACK TROSKER in Moscow

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CANADA'S BEST CHOICE

A hockey fight that cost a medal

The brawl began when a Canadian player at the world junior hockey championships in Czechoslovakia checked a Soviet skater. The Soviet, Pavel Kostichkin, grabbed his stick and belted Canadian Theoren Flury, who promptly punched back. When another Soviet player, Evgeny Shvedko, also checked Canadian, left their bench to join the fracas, the Canadian team and the rest of the Soviet squad jumped onto the ice—and into a 20-minute fiasco. Engaged, an International Ice Hockey Federation (IIHF) committee expelled both teams from the tournament. The expulsion stripped Canada of at least a third-place bronze medal and of its chance for a silver or gold. The incident plunged the defiant teams, fans and commentators into a week-long argument about whether the punishment was deserved. And it reopened a national debate about violence in hockey—and the damage it can cause to Canada's reputation abroad.

The debate centered on whether the Canadians were justified in fighting the Soviets—or whether they disgraced themselves with undisciplined behavior. The team and its head coach, Bert Templeton, accused the Russians of starting the brawl—and wanted the Canadians' exclusion to be the defense of their teammates. Federal Sport Minister Otto Jelinek and Hockey Canada's International chairman, Alan Eagleson, blamed the referee for inciting officiating. But others, such as Canada's Olympic coach David King, maintained that a coach must teach discipline in the face of provocation and inadequate officiating. "Self-control is the key," he said. Added the team's operations director, Dennis McDonald: "We won the fight and lost the medal. It is a real tragedy for hockey, not only Canada but international."

Despite that criticism, team members and coaches insisted that Canadians should pin the blame on the Soviets—because they started the fight. Left-winger Scott Macdonald, 20, maintained that he merely defended his teammates, who were outnumbered when the Soviets streamed off their bench onto the ice. "I would not want a gold medal if it meant five injured players," Macdonald said. "Seventeen players [Soviet], 17, said that the fight reflected the players' team spirit. "We were there playing for our country—but on the ice we were 20 guys playing for each other."

The Canadian coaches were equally

whimsical. Head coach Templeton noted that while Canada was actually guaranteed at least a bronze medal, the Soviets were out of the medal competition—and were losing the game 4-2 when the brawl erupted. His team was aware of the risks, Templeton said, but had no choice but to defend itself when attacked. Assistant coach Pat Burns said that the Soviets' style of play throughout the game angered his team. "They kept sticking us, the shots got cheaper—



Squaring off against the Soviets: a justifiable brawl or undisciplined behavior?

you can only take so much," said Burns. "We felt almost raped."

Other hockey officials blamed the referee, Hans Ronsing of Norway, for failing to keep order during the game—and to restore it once the fight began. At one point in the brawl, Ronsing and his two assistants actually left the ice. Said Hockey Canada's Eagleson: "The IIHF has set the pattern of using amateur, part-time officials in world championships. That is exactly the culture of refereeing they deserve—and that."

Despite Ronsing's performance, many hockey commentators were also aware of Templeton's tempestuous coaching history. In 1974 he coached the Hamilton Red Wings before 8 team during a three-game series against the Brampton Bees. The supporting scuffles as unsettled the Ontario government that it asked Toronto lawyer William McMurtry for a report on vio-

lence in amateur hockey. In 1977 Templeton and five members of his Hamilton Patriots were suspended for a total of 18 games after a brawl during a preseason game. Declared Templeton: "I don't feel I have to defend my tactics."

Templeton's hard-nosed coaching style, some officials suggested, does little to deter the fighting culture in his players. In fact, three days before the controversial Jan. 4 game with the Sov-

ets, the Canadian squad became embroiled in an unusual pregame brawl on the ice with its American opponents. That fight, Canadian goalie Shavo Somov said later, "helped us in the game, because our guys were running wild after that."

Others viewed the fight as a symptom of a larger problem. McMurtry contended that Canada's hockey leaders must re-examine their sporting ideals and the standards of acceptable play. "If you permit in the mind the dogma of our hockey establishment, that fighting is inevitable and 'a healthy part of the game,'" then "the game will only deteriorate," he told Macdonald. For many Canadian hockey fans, last week's controversy was further evidence that it already had.

—MARY JANKIN with
SHERIDAN ALLENSTAD and HAL QUINN in
Toronto and RICHARD LUTHEY in Montreal

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A life of eloquence and radicalism

Novelist Margaret Laurence died last week of lung cancer at the age of 69 in her home at Lakeland, Ont., her home for the past 13 years, both Laurence the writer and Laurence the woman had achieved through her books and in her everyday life a kind of sainthood in the rest of us can only envy. Kivy, yes, but not in a spirit of jealousy, only in the spirit of respect. Her writings—most notably *The Diviners* (1954), *A Jest of God* (1958) and *The Stone Angel* (1964)—had inspired, because of their compelling integrity, the youth of all wrong-thinking people. And her life—as a dedicated feminist, a Canadian nationalist, a human rights activist and advocate of nuclear disarmament—had become an inestimable beacon for others.

In what has become one of the best-known passages in Canadian writing, Margaret Laurence brought her masterpiece—*The Diviners*—toward its rolling conclusion: "Morris walked out across the grass and looked at the river. The sun, now low, was catching the waves, sending out once more the flutings of little lights shimmering along the green-brown surface. The water flowed from north to south, and the current was visible, but now a south wind was blowing, ruffling the water in the opposite direction, so that the river, as so often here, seemed to be flowing both ways. Look ahead into the past, and back into the future, until the silence."

Last week that silence came for Margaret Laurence—though only she would have been aware of its presence. For the rest of us, the silence is filled with the sound of her voice.

A strange place it was," she wrote of the place where she was born, "that place where the world began. A place of incredible happenings, splendours and resolutions."

It was Margaret Wemyss (pre-named Horne) who was born in Neepawa, Man., on July 19, 1908. Her family always called her Peggy and, even now, if you go to Neepawa and make inquiries, those who know her as a child still speak more freely of Peggy Wemyss than they do of Margaret Laurence.

When Peggy Wemyss was four years old, her mother, Vera Jean Wemyss, died. Her father, Robert, a lawyer, remarried with Margaret's aunt, Mar-



Laurence, with Jocelyn and David in Ghana, 1955: greenhouse

garet Campbell Simpson, but died a short time later—before her daughter and her stepbrother had left their childhood behind. In a memoir, which she completed with her daughter, Jocelyn, just before her death, Laurence pays particular tribute to the women who shared in her Prairie upbringing.



ing—her maternal mother and her aunt-turned-step-mother whom Margaret always called "Mum."

All those adults had a lasting and creative influence on Margaret Laurence's sense of the world—its demands on human beings and their rights to make demands of it. The world you were a child in, she maintained, stayed with you all the days of your life. Its light was the light you always saw by and its dark the dark that colored all your days.

Certainly, everything that Laurence wrote was colored by the deaths of her childhood friends, the Depression and what Prairie folk always refer to as "the devastating drought." The images wrong from her losses and victories over these events infused her writings with the kind of immediate urgency unique to the greatest works of art. Laurence would have reacted with an assessment of what she did, but what she did had greatness in it, regardless of what she believed. The greatness lay in the way she set her people before us, whole and articulate, hungry for the life she gave them.

Peggy Wemyss—married in 1947 to poet Stephen Leacock—died in 1969, the mother of two loving children, Jocelyn and David—ultimately lived alone. But those who perhaps not quite the right word—she lived—as any writer must—in tandem with the artist inside her. Each one drew on the other's strengths and weaknesses in order to come to terms with what Laurence perceived neither as a duty nor as a need to become a writer, but as her right to become whole—as complete as any of the women whose lives she created with such consummate skill.

"It is my feeling," she said, "that as we grow old,

or we should become old, but radiant but more so." Long before she died last week in Lakeland, Ont., her home for the past 13 years, both Laurence the writer and Laurence the woman had achieved through her books and in her everyday life a kind of sainthood in the rest of us can only envy. Kivy, yes, but not in a spirit of jealousy, only in the spirit of respect. Her writings—most notably *The Diviners* (1954), *A Jest of God* (1958) and *The Stone Angel* (1964)—had inspired, because of their compelling integrity, the youth of all wrong-thinking people. And her life—as a dedicated feminist, a Canadian nationalist, a human rights activist and advocate of nuclear disarmament—had become an inestimable beacon for others.

Brave, but modest, she was sometimes nervous in the extreme, virtually unable to stand when she made a speech or gave a reading. The questions she faced from the floor of public forums were inevitably tense with the drama inherent in a person who can barely stand up because of her fear, but who knows that she must rise to the occasion. Her body often betrayed her, forcing her to hold fast to the back of the chair in front of her. Whenever it was known beforehand that Margaret was going to make an appearance, a chair and table were provided. Even from a distance, any criticism could see her shaking.

Robin Phillips, the noted stage director, once choreographed an entire evening of readings given by writers in opposition to censorship, around the feet of "Margaret Laurence's table." It was just where it should, left of centre from the audience's point of view. That every writer, that night, making exits and entrances, had to contend with this table—the one they all have to face every day of their working lives—was a marvelous symbolic gesture. That it was Margaret Laurence's table made it doubly symbolic of what that evening was about.

No other writer in Canadian history suffered more at the hands of those professional cynics, book-burners and censors than Laurence. And that suffering—made so manifest of it—took its toll, both professionally and personally. So be it that she was prepared for that. And, in the long run, the triumph. Knowing that her books had been written, as she said herself, "in order to clarify, proclaim and enhance life—not to obscure and demean and destroy it."

"My lifetime here is a short span," she wrote once, "but it is not here as a visitor. Earth is my home." And we are the better for it. □

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HILTON INTERNATIONAL CANADA

Singing the puberty blues

DEPRESSION JUNIOR HIGH
(CBC, Sundays, 9 p.m.)

Seen in 36 countries, *The Kids of Depression Street* is fast becoming one of Canada's best-known exports. The half-hour dramas, produced in Toronto, have won a high reputation—and several international awards—for their frank, entertaining depiction of life among the public school set. Now, the producers of *Kids* have created an offshoot, *Depression Junior High*, premiering on Jan. 18 and focusing on a group of slightly older students facing the problems of growing up in the 1980s. Set in an unnamed North American city, *Depression Junior High* already displays as much wit, humor and social conscience as its highly popular predecessor.

The first episode introduces Stephanie (Nicole Hoffman), a brazen beauty of the kind other girls love to hate—and boys would love to love, if only they knew how. Stephanie appears again in the second program, *The Big Dancer*, where she shares the spotlight with her sometime friend Vania (Niki Krieger), a girl whose modest whom Gussik (another son of father forbids her to attend a school dance. The tension between Stephanie and Vania is predictable, indeed, like many of the show's characters, these girls are almost stereotypes. But their very quality gives *Depression Junior High* a welcome counterforce and allows it to examine such social problems as teenage drinking without becoming too current.

The series occasionally resorts to the temptation to melodrama. And its endings are sometimes saccharine. Still, the youthful cast turns in energetic performances, especially Pat Mastromeo as Joey Jerusalem, the class clown whose elastic face knows a hundred different ways to protest in silence. In television's battle for the hearts of children, *Depression Junior High* should make the honoree list.

—JOHN REMSOKE

The script was written between rounds of champagne celebration—and it showed. It was November, 1986, and producers/directors team Linda Schayler and Kit Hood were in New York with writer Jay Moore to receive television's Emmy award for an episode of *The Kids of Depression Street*. Meanwhile, the trio was trying to write an episode for

their new series, *Depression Junior High*. When they returned to their Toronto offices, they realized that their draft was, as Schayler describes it, "pretty shaky." At a meeting with the show's teenage cast, the actors suggested ways to make the story of a pregnant student more realistic. "They poured life into the script that three adults could not," said Schayler. "They over-



Stoffman, Mastromeo growing pains, school pranks

pletely turned it around."

That sensitivity to their young actors' own growing pains was a key ingredient of *Kids*' international success. In fact, while plotting camera angles on the real-life *Depression Street* in east-end Toronto—near the offices of *Playing With Time*, Inc., the production company he and Schayler formed 11 years ago—Hood got a British tourist taking photographs. Revealed Hood: "He told me that if he didn't go back with a picture of *Depression* Grocery, his kids would kill him." *Depression Junior High* series declined for the same popularity it will be shown in Britain and the United States, and other countries have expressed interest.

As with *Kids*, Schayler, 38, and Hood, 43, created *Depression Junior High* to fill a television vacuum. Schayler, a former Grade 8 teacher, was appalled by the scarcity of quality programming for adolescents. She and Hood, a former child actor, set out 2½ years ago to make a series that honestly explored pubescent society. The new show tackles the subjects of alcohol, drugs, strict parents, homosexuality—and a girl's first menstruation. Yet it is generally lighthearted, with classroom pranks, puppy love and the grinding reality of an amateur rock band called *Kit Remedy*. Said Schayler: "We wanted to capture that quality of the child-with-a-took-in both camps."

To give the series the tang of reality, Schayler and Hood auditioned 300 Toronto children and chose 50—including many non-actors—from different ethnic groups. The actors say that they feel more comfortable on the set, a vacant suburban school, than in their real-life classrooms. Declared Angela Gussik, 14, who plays the free-living Grade 8 student Brian: "Linda and Kit are like your friends, not like your bosses."

But Schayler and Hood do not simply reflect teenage alienation—at times they have helped cast members who are struggling with it. When one young actor ran away from home last fall, Schayler spent hours hunting for him on a circus midway where she heard he had found work. Last fall she and Hood, who live together, took in another young actor who was having trouble at home. The search is reinforced, for Christmas, two actors moved up, rated a Christmas and took Schayler and Hood out to a restaurant for dinner.

The two filmmakers will soon take a break from six months of almost nonstop work. Meanwhile, together with Moore, *Depression Junior High*'s supervising writer, they are planning the show's next 13 episodes. Said Moore: "One of our rules is that the viewer never gets to see adults in a situation where a kid wouldn't be able to see them. That's just part of Linda's and Kit's commitment to portraying the kids' world."

—PATRICIA BLOCH in Toronto

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ELECTROHOME

A tryst with murder

THE BEDROOM WINDOW
Directed by Curtis Hanson

The plot of *The Bedroom Window*, a slick and involving thriller, is as delicate and complex as a spider's web. Terry Lambert (Steen Gutzberg), an ambitious young business

executive, is having an affair with his boss's wife, Sylvia (Isabelle Huppert). One night, standing at his bedroom window, she sees a red-haired man attacking a young woman. Realizing that he has been observed, the assistant boss—but later that night another girl is murdered. Terry, not wanting to in-

sultate Sylvia or lose his job, comes forward as a witness, pretending that he, not Sylvia, had witnessed the first, attempted crime. But when a jury fails to convict the killer, Henderson (Brad Greenquist), Terry's well-intentioned but naive boss, is left with a darkly foreshadowing nightmare. Indeed, the little blackboard grows into a monster, leaving Terry himself the prime murder suspect. Only the original motive, a smart cocktail waitress named Denise (Elizabeth McGovern), believes him.

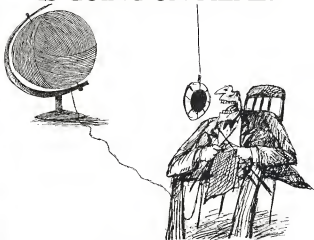
The Bedroom Window is a stylish addition to the growing number of recent films (*War Heat* and *Something Wild*) that mock comfortable white affluence by throwing wholesome and well-scrubbed protagonists into a gritty, violent underworld. Director Curtis Hanson wrote the script from Anne Halden's novel *The Witness*, and with outright logic he has tied the plot's many strands together to inventively that to answer and explain them all would be unfair to his craftsmanship. Set in Baltimore, the film offers a strange and eerie portrait of the city's nightlife—including a neon-lit singles bar called Edgar's, filled with symbols of this master of gothic horror, Edgar Allan Poe. The movie is strewn with that kind of quirky, black humor, in fact, one of the police detectives investigating the case is named Quirk.

Hanson chose to shoot practically all of the film from Terry's point of view, which gives it an enormous pull and a compelling consistency. The style is sometimes uneasy and tilted, and feebly derivative of Alfred Hitchcock's work. But Hanson also shows an eye, and, if unforced, cinematic sensibility. He clearly thinks *The Bedroom Window* is a film-maker. Rather than trying to grip the viewer through action or dialogue alone, Hanson uses such details and images as the milk-white skin of the killer against the backdrop of night. As a debut film, *The Bedroom Window* easily outdistances its competition.

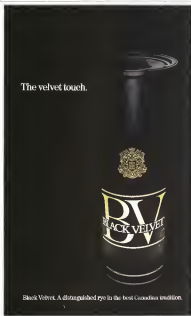
The performances are neatly observed. Actor-playwright Wallace Shawn makes a memorable appearance as the murderous businessman's clever, low-class lawyer, Huppert, as executive she seems to be playing Sylvia from the middle of a football stadium. But Gutzberg, engagingly naïve as the hapless Terry, has a gift for suggesting anxiety under pressure. And McGovern is pert, sunny and shrewd—the kind of girl a man like Terry desperately needs in his life. The development of their romance, like the rest of *The Bedroom Window*, is strikingly peculiar—yet entirely believable.

—LAWRENCE OTTOWILL

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Eye repairs by laser

More than one-third of Canadians suffer from such common eye disorders as myopia and hyperopia, better known as near- and farsightedness. And inevitably, after such a diagnosis is made, the individuals are condemned to a lifetime of glasses or contact lenses. Currently, the more attractive to corrective lenses is radial keratotomy (RK), a technique by which surgeons, using a diamond scalpel, make tiny incisions into the cornea—the eye's transparent lens—to correct eyesight. But last month doctors in the United States announced that a promising laser treatment called photorefractive keratotomy, which has been tested on animals for the past 2½ years, could be available to humans within the next two years—raising the theoretical possibility, if upcoming tests on humans are successful, that people might be able to live without corrective lenses.

Most corneal vision problems occur because the human eye, which grows for the first 18 years of life, does not reach the right size—or grows too

large. Traditional eye surgery attempts to correct vision defects by reshaping the cornea. But the technique involves cutting deeply into healthy tissue,



Trokel (right) and patient, sculpting the cornea

which can leave scars and weaken the cornea. In contrast, proponents say that photorefractive keratotomy is much safer, because it uses a laser—a focused, pencil-thin beam of light—to reshape the cornea by making a series

of shallow incisions. The laser is aimed at the centre of the cornea, and a complex computer system determines the intensity of light to be used in sculpting the cornea to correct the problem.

Because of positive results from recent tests on monkey corneas—the most similar to man's—trials on humans will start this spring. Still, the computer-controlled laser and the surgery itself will probably be expensive.

Laser equipment could cost out to \$400,000 and surgery more than \$2,000 per eye. But Dr. Stephen Trokel, a professor at Columbia Presbyterian Medical Center in New York and a co-director of the tests, who said that "there will always be a niche for glasses and contact lenses," added that he believes demand for the new laser technique will be high and that the technology could lead to further developments in corneal surgery, as well as opportunities on lenses and anterior portions of people with cataracted vision, that may mean a clearer future.

—NOLA UNDERWOOD in Toronto

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Nidal's handwork: the 1988 bombing of a West German discotheque; psychopath

BOOKS

A terrorist's terrorist

THE MASTER TERRORIST:
THE TRUE STORY BEHIND ABU
NIDAL

By Sam Melman
(Adams Books, \$29.95, 313 pages)

In the annals of modern terrorism, few names rank with that of Abu Nidal. In the 13 years since he formed his cadre of fanatic Palestinians—as radical that they spill from the PLO's Liberation Organization (PLO) because of its increasing drift toward political moderation—Nidal has orchestrated more than 100 separate terrorist incidents on three continents. To support his cause—the dismantling of Israel to create a Palestinian state—he has targeted victims from Israeli diplomats to his brother Amal, among whom he is widely regarded as a psychopath. Yet little is known about Abu Nidal. Sam Melman, diplomatic correspondent for the Israeli daily *Haaretz*, describes his own biography of the man as "an insider report." It is one that raises as many questions as it answers.

But some facts are justly accepted. He was born in 1935 in Jaffa, the ancient port city south of Tel Aviv, into the working, hardworking Al-Bazzaz family; his brother Mohammed once described their father as "the richest man in Palestine." But during the 1948 war of Israeli independence, the family fled Jaffa and, for nine months, lived as poverty-stricken refugees in a tent in Gaza. That dramatic reversal of fortunes, Melman suggests,

may have sown the seeds of Nidal's terrorist aspirations.

When and where Nidal joined the PLO has not been established. It is known that he has been imprisoned, tortured and expelled from Saudi Arabia and the Sudan for subversive political activities and that he once headed the PLO's Baghdad office. But in 1975 he left the organization, angered by its secret reorganization of terrorist attacks against those Western nations that granted the PLO diplomatic recognition as a legitimate nationalist movement. Instead, Nidal pursued his campaign of terror. Melman links him to the April, 1980, bombing of a West German nightclub, which injured 800 people. And he argues convincingly that Nidal's agents, acting with Iraqi intelligence in London, fired the shots that wounded Shimon Agran, Israel's ambassador to the United Kingdom, in June, 1982. That attack became the pretext for Israel's subsequent invasion of Lebanon, which dealt the PLO a severe blow.

Over the years, Nidal's alliances have shifted to Syria, Libya and finally, Melman speculates, to non-Arab Iran. But membership in the movement remains secret. "Given my daughter," Nidal once boasted, "I don't know who I am." Now, despite its pedestrian wording, Melman's interior report on one of the world's leading experts on terrorism offers an excellent introduction.

—MICHAEL POSNER

Edible and incredible

MUCH DEPENDS ON DINNER

By Margaret Visser
(McGraw-Hill and Stewart,
\$26; pages 425/84)

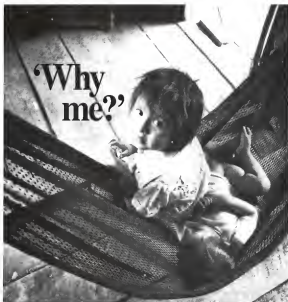
For many years Margaret Visser has been delighting audiences with her drill, endearing surveys of social behavior and custom. Now, in her first book, *Much Depends on Dinner*, she focuses on the food and agricultural industries. Visser has organized her book around a simple dinner menu—corn with butter and salt, chicken, rice, lettuce dressed with olive oil and lemon juice, and ice cream—and provided one succinct chapter for each. Then, she delivers as her promise to chronicle the "extraordinary history and mythology, allure and obscenity, perils and felices of an ordinary meal."

Visser starts at the beginning. She writes that salt was once so valued in human affairs that the Romans detested slaves as part of a soldier's pay—and created the Latin root for the word "salary." She recounts the confusion when North American trade introduced a huge new food into the diet of the 17th-century English, who mistakenly assumed that the birds originated in Turkey. Yet Visser's book is also serious. Her descriptions of conditions in a modern chicken factory bring me shuddering, and she underlines the pleasure of eating ice cream by detailing the many chemicals that go into it.

Most importantly, Visser explores modern agriculture's dangerous dependency on a few key crops, such as corn. Livestock nourished on corn provides meat, poultry and dairy products. Corn oil is as essential ingredient in the cosmetics with which almost all supermarket produce has been treated. Proven food manufacturers use corn syrup in candy, soft drinks and soups. Yet it is contrary to the way North American Indians preserved different varieties of corn as a sacred diet, modern agriculture tends to develop standardized crops, rendering the entire crop vulnerable to attack by new mutations of plant disease. If disease were to attack the dominant corn strains, a cornerstone of humanity's food supply could suddenly disappear.

Visser's intriguing book offers much food for thought. But like a good meal, it pleases as it enlightens.

—RUTH MARSH



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Leonard is Leonard's Mr. Mystery; the author (below) never, girl, aphorism

Heroes of the underworld

RANDY

By Elmore Leonard
Literary & Western, 245 pages,
\$28.50

Elmore Leonard's crime novels are gritty, witty and streetwise—briefly told tales featuring semi-famous lawmen who work the sunny side of town. Through 29 books, he has developed his low-key reputation and earned ever-expanding sales by adhering to a simple but potent formula: brilliantly observed settings, memorable, colorful characters, plausible dialogue and quirky plots. Leonard's 24th novel, *Beatside*, is no exception. The title characters are an unlikely gang made up of a beautiful woman and three men—one of whom is also an ex-politician—planning a multi-million-dollar robbery. Each previous Leonard book is a *Fifty-Two Pickup*, *LaBrava*, and the best-selling *Glitz* were essentially small stories told by a big talent. But *Beatside* is a big story, a political novel with a theme as fresh as the six o'clock news. President Reagan's unwavering policy of supporting the contra rebels in Nicaragua against that country's Sandinista government—and the demands that American dollars and arms are funneled into guerrilla hands.

Leonard's disengagement with official U.S. policy in Nicaragua is evident throughout. Indeed, the chief villain in *Beatside* is a murderous contra colonel-turned-bank-rover who submits money

from American businessmen with the help of an introductory letter from Reagan himself. Auxiliary villains include the colonel's bodyguard and a Central Intelligence Agency official who guides the colonel around New Orleans. The good guys are Lucy, the former nun, and her gang of hangers-on who stalk the contra-bound millions. Chief among them is Jack, an ex-priest and former man who learns about courage—and love—from Lucy (he may have lately lost her faith but she never loses her nerve). Leonard handles it all with his usual aplomb, driving the story relentlessly forward and carrying the form to a new level. *Beatside* is a triumph.

—HOWARD MILLER

Crime pays, and pays well, for 61-year-old Elmore Leonard, the veteran novelist and screenwriter. He was born in New Orleans, moved to Detroit with his parents in 1934 and now resides in the Detroit suburb of Birmingham, Mich. After a determined 26-year climb, Leonard has broken through into the top ranks of American writers, winning repeated accolades as the finest writer of mass fiction alive. He may well be the best over 60 has had look, *Glitz*, was an international best-seller. His current

novel, *Beatside*, earned him a handsome \$1.5-million advance.

Given the novel's rapid rise on the success, that, interestingly, will almost certainly pay off The Reagan administration's (reagan) agenda, with its Nicaraguan connection, broke open shortly before Leonard went to press. It is little wonder that the publishers decided on a blockbuster-sized first printing of 250,000 copies. And Leonard has just signed a new two-book deal with the New York publishing firm Arthur Haas, which will bring him a minimum of \$4 million for future work.

Based on past performance, Leonard will earn it quickly: he is a relatively fast writer. He is already a third of the way through his new novel, *Freaky Deaky*, about a group of 1960s radicals who become disgusted with the way some of their more substantial contemporaries have turned into Establishment figures in the 1980s. In protest, they take up radical strategies once more.

Leonard has long been a favorite of Hollywood producers, who have been buying his books and commissioning screenplays since 1967, when actor Paul Newman played the title role in *Beatside*, Leonard's fifth novel. Among other Leonard books released as films: *Mr. Mystery* with Charles LaRue (1974), *Glitz* with Burt Reynolds (1980) and *52 Pickup* with Ray Scelardo (1983). Leonard's latest screenplay, *The Money Men*, starring Canadian actor Donald Sutherland, is scheduled for release this spring. And Canadian director Ted Kotcheff has been working as a script of *LaBrava*, Leonard's eighth novel about a photographer who lives and the art director of South Miami Beach.



Hollywood likes Leonard's writing, but Leonard does not like writing for Hollywood. "Scripts used to subsidize my couch, but now I can live off books quite well," he said. "I don't like doing scripts. The funnest is now meeting, and anyway in Hollywood there are too many editors."

Since he abandoned an advertising career at his craft almost every day. Until 30 years ago, when he gave up alcohol, he was a problem drinker. But "even when I was drinking, I worked hard," he said. "I still do I enjoy it I have a favorite." So, clearly, does a grateful audience of critics.

—B.M. is Novato

Pages for the powerful

On the sanctified brick walls of *Saturday Night* magazine's elegant new headquarters in downtown Toronto, framed blowups of cover photographs are arranged in my system. A half-smiling Pierre Trudeau hangs beside a world-weary Paul Levesque, politician Martin Galt, and Geoffrey, whom *Saturday Night* has proclaimed "the most influential private citizen in Canada," grins in unashamed proximity to Toronto Archbishop G. Stewart Cardinal Carter, whose the magazine called "well-connected." *Saturday Night* has developed a reputation for probing prominent Canadians, usually in disquieting detail. Last week, as it celebrated its 300th year of publication with a special anniversary issue, it was clear that the magazine has carved its own niche in the world of influence: it is inevitably mentioned. Said publisher John Maclean: "When we invite cabinet ministers to lunch, we are very seldom turned down."

After a century of precarious financial health, *Saturday Night* appears remarkably stable. The magazine—which costs \$2 million a year to produce and has a circulation of 182,000—is still losing money. But the *Saturday Night* Group, a web of publication services created five years ago to print other magazines and annual reports, keeps the flagging effort. But *Saturday Night* and the Group are jointly owned by Toronto Globe and Mail editor-in-chief Norman Webster, his brother, WIL, and sister, Margaret Gallagher. That connection did not prevent the Globe's art editor, John Bentley May, from unleashing a blistering attack on *Saturday Night* in the Globe last week. Echoing a criticism about voiced in the arts community, May's words: "The magazine's obligation is a service facilitation with power." In a recent *Maclean's* interview, *Saturday Night* editor Robert Fulford replied: "The magazine is as very reflects an Establishment point

of view. But a large part of its substance is description of people who are determining the conditions of Canadian life."

In its current role as an independent observer, *Saturday Night* has changed considerably from the early



Maclean (left), Fulford, source of mission, popularity

1950s, when scapulars' press and such social bastions as "Independent" rager were common. But since the 1950s the magazine has "been part of some kind of broad liberal consensus," according to Fulford, now in his 13th year as its editor. The appearance of the anniversary issue suggests that *Saturday Night* has more recently become a highly serious business. Bearing the title "Our House and Native Land," its granite-grey cover projects a corporate image of sober commitment rather than its feisty 1950s look. Of the century's leading writers, like the pulse of the national identity. Their essays are a literary inventory of remembrance, a literary meditation with an acute sense of place.

In one sunny piece, Margaret Atwood writes how the North "focuses our

attention," and ponders the mysteries of Maclean's and said rain. In some places, Atwood notes, she can get lost in the woods for days; in others, logging has reduced the forest to "merely a stream along the water." Mordant Fulford fishes for Canada's soul in a roadside bar and capitalist economist John Kenneth Galbraith delivers a sermon in praise of free trade. In the final essay, "Keeping Faith," Robertson Davies brings down the curtain on high culture. Asserting that "the Canadian is, an intellectual westerner, a slab," Davies calls for "some vigorous peering of the national intelligence."

A century ago Edmund B. Sheppard, a preacher's son who dressed like a cowboy, founded *Saturday Night* as a weekly newspaper. The publication still remains torn between an exacting sense of mission and a practical need for popularity. Its award-winning writing and artwork have brought style and significance to Canadian journalism. Yet the magazine remains a fragile entity—it would be one of the first victims of federal proposals to remove postal subsidies from periodicals. The true test of *Saturday Night's* influence is probably yet to come: publisher Maclean's leads the lobby to prevent the postal-rate increases, which could cost his magazine \$200,000 annually. Even so it celebrates its centenary, *Saturday Night* still does the Monday-morning society of surviving in the deep woods of Canadian publishing.

—BRAND JENSEN in Toronto

MACLEAN'S BESTSELLER LIST

FICTION

- 1 *Whirlwind*, Clavel (1)
- 2 *R. King* (2)
- 3 *A Year for Death*, Jones (4)
- 4 *The Telling of Lies*, Freidly (1)
- 5 *The Progress of Love*, Moore (5)
- 6 *Hollywood Boulevard*, Collins (7)
- 7 *The Queen's Secret*, Tompkins (3)
- 8 *Bolt*, France (6)
- 9 *The Night of the Fox*, Shapiro
- 10 *The Golden Cop*, Pica (2)

NONFICTION

- 1 *Life Way: The Unsanitized Biography of Frank Sinatra*, Kelley (1)
- 2 *Vamp*, Aronson (2)
- 3 *Murder, Liverpool* (5)
- 4 *Exotic in Montreal*, Goggin and Tachibana (4)
- 5 *The Master Builders*, Foster (7)
- 6 *Controlling Interest: Who Owns Canada?*, Friesen (6)
- 7 *Fatherhood*, Cukley (1)
- 8 *The Karamazovs*, Livory (2)
- 9 *The Story of English*, McCrum, Croom & MacNeil (3)
- 10 *Out of Character*, Forrester with McDonald (4)

(1) Previews best-seller

—Compiled by Frances McRae

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Nominating a hero for 1987

By Allan Fotheringham

There have been much talk of heroism lately. One North, the device alone who threatens the stability of the American government by refusing to talk, has been called "a national hero" by Ronald Reagan. This award has recently passed in the of Canadian heroes. I would like to nominate my hero for 1987. He is an old man who is lying on his back in John Hopton hospital in Baltimore, and Ottawa should blush is shown at the thought of him.

On Jan. 3, at his 76th birthday, Joe Bush—badly crippled by arthritis—entered hospital for long-delayed operations to have both legs replaced. It will take six months before the whole process is completed. The delay has aggravated his condition. The delay has come because this American has been fighting for 716 years on behalf of a group of Canadians—in the face of passive opposition at both Canadian and American governments.

Bush is a legendary civil rights lawyer who has practiced his trade in Washington for 60 years. With his small (five foot) legal firm subsidizing the fight, he has been in the courts for all these years trying to get compensation for nine Canadians who had their minds warped by CIA-sponsored brainwashing experiments at McGill University in Montreal. A pattern Liberal government in Ottawa did nothing to aid so unpaid Americans trying to get justice for Canadian citizens. A conservative government: now does little to aid the same unpaid Americans and the more aging Canadians who are slowly dying off.

We have played this game before—between 1953 and 1973 spent \$20 million in trying to learn how to control the human mind. It again came through 50 universities in 21 countries, using a fake front called the Society for the Investigation of Human Ecology. McGill was one of the universities and it was grateful to get the money.

Allan Fotheringham is a columnist at Atlantic Voice.

Especially since it was going to help the "research" of the brilliant Dr. Ewen Cameron, the Scottish-born doctor who was "the godfather of Canadian psychiatry"—the first professor of psychiatry ever appointed at McGill.

The CIA's excuse was the need for speed: the Soviets and the Chinese might be playing about with methods of mind-control. Cameron's excuse was that the psychoanalysis on-the-coach developed by Freud and Jung was too long and laborious. He used sleep therapy, in which patients were heavily drugged and rendered unconscious for

for civil rights causes. Orlikow's wife, Val, has suffered severely ever since Cameron treated her (without her knowledge) with 14 heavy doses of LSD over two months. Nine of Cameron's victims used the CIA, originally asking \$1 million each. The CIA is 1975 illegally burned all documents pertaining to MKULTRA—the code name for the brainwashing experiments. Curiously enough, Cameron's son, Duncan, destroyed Cameron's files after he died in a mountaineering accident in 1967. Who destroys the files of the most prominent figure in Canadian psychiatry?

So what has Joe Bush, a foreigner, got far up to eight years fighting not only his own government but another one up in Ottawa? The elderly man, while government lawyers leisurely drag the case through one court and another, have reduced their demands to \$275,000 each—as death approaches them. The United States admits guilt and offers \$20,000 apiece—with more years in court.

Ottawa? Then justice minister John Crosbie appointed a former Tory lawyer from Halifax who produced a report full of more holes than Swiss cheese. External Affairs Minister Joe Clark refused Bush's request to submit the matter to the World Court because that court is "too slow" in its deliberations. Too slow? After eight years? It is to laugh.

The real answer seems to be that Ottawa's involvement, naming Cameron, is the McGill brainwashing is too embarrassing to admit. Washington knows that and, in effect, is holding Ottawa to ransom. Several months ago one of the aging nine died in Montreal. The suspicion is that both governments, ashamed of their involvement, would like to stall through the courts while death takes the rest.

It will be a long time before the Grosvenor takes Joe Bush, a large man with a hard body and indomitable spirit. He cannot understand "the incredible and still unexplained hostility of the Canadian government" to the Canadian victims. Can anyone?



as long as 65 days. He used "psycho driving"—messages played up in a half-million times into the drugged ears of patients from speakers under their pillows. In a stable behind his lab, he put patients into a box that deprived them of all sensory stimuli: nothing to see or hear or smell or feel. One woman was in the box, except for toilet breaks and meals, for 35 days. Marjorie Jackson Jackson died of what was called a stroke.

In the United States similar experiments—often including the new drug LSD—were conducted on prisoners and prostitutes in Canada, at McGill, they were done on ordinary citizens who had come to the suspected Cameron with severe problems. In all, 55 Canadians were used as guinea pigs in the CIA-sponsored dealings with people's minds.

The reason Bush is involved is that David Orlikow, the veteran MP from Winnipeg North, finally came to him for help, aware of Bush's reputation



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